



Daily Report

East Europe

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NOTICE: This volume contains a representative selection of material previously disseminated in softcopy format.

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Balkans: Ministers Issue Declaration at Conference

AU0707143896 Paris AFP in English
1349 GMT 7 Jul 96

[FBIS Transcribed Text] Sofia, July 7 (AFP)—A Balkans summit pledged Sunday to make the region a haven of stability, security and cooperation, as ministers wrapped up a first meeting of regional states since the bloody break-up of the former Yugoslavia.

In a joint declaration signed by seven states, ministers said they wanted to work together to make the region "a place of stability, security and cooperation in conformity with the general evolution of Europe."

The signatories—Albania, Bosnia-Herzegovina, Bulgaria, Greece, Romania, Turkey and the Federal Yugoslavia—also stressed the importance of Bosnia's first post-war elections, set for September 14.

"Speedy reconstruction and economic rebuilding, respecting the interests of all the parties, is of decisive importance for a lasting and stable peace in Bosnia," the statement added.

States also urged the development of regional infrastructure projects, trade, humanitarian cooperation, the fight against organised crime, drug trafficking and terrorism.

Balkan defence ministers are due to meet in the Bulgarian capital to intensify cooperation, but a date for the gathering has not yet been fixed.

Bulgarian Foreign Minister Georgi Pirinski said Saturday the summit aimed to show the region's capacity to pursue mutual cooperation and common interests "without being pushed from outside."

Yugoslav Foreign Minister Milan Milutinovic said he hoped that the Balkan states would "strengthen their support for the reintegration of the Federal Republic of Yugoslavia into all international organisations, including financial organisations."

However, Albania blocked a reference to the issue in the final statement, arguing Belgrade needed to increase its efforts to enforce the Dayton peace accords, which it signed on behalf of the Bosnian Serbs.

For his part, Bosnia's Deputy Foreign Minister Hasan Dervisbegovic on Saturday called on Belgrade to recognise Sarajevo, accusing the former of being unwilling to do so.

Carl Bildt, international envoy in charge of civilian implementation of the Bosnia peace accords, and Daniel Tarschys, secretary general of the Council of Europe, attended the meeting, together with officials from international and financial organisations. Bildt accused the

Republika Srpska of a "tendency to isolationism," which he said created a danger in the heart of Bosnia.

The Albanian representative, Deputy Foreign Minister Arian Starova, said Kosovo, a region within Yugoslavia with a strong Albanian minority, was a "high-risk zone" where a conflict even more dangerous than that in Bosnia could erupt.

The United States sent President Bill Clinton's special adviser on the Dayton pact, William Montgomery. The other members of the international contact group on Bosnia—Britain, France, Germany and Russia—also took part.

The summit had got off to a controversial start Saturday with the Former Yugoslav Republic of Macedonia (FYROM) absent from the starting line up after Athens objected to Skopje's attempts to avoid using its UN title.

The name row mirrored a similar dispute which delayed Skopje's admission to the United Nations, the controversy only being resolved after the Macedonian authorities agreed to use the FYROM tag until a definitive solution was found.

Greece claims Skopje's use of the title Macedonia implies territorial ambitions on the northern Greek province of the same name.

Balkans: FRY's Milutinovic Comments on Sofia Meeting

AU0707192096 Belgrade RTB Television Network
in Serbo-Croatian 1730 GMT 7 Jul 96

[Report by Dusan Cukic]

[FBIS Translated Excerpt] The conference of foreign ministers of southeastern Europe here in Sofia ended in complete success—that much can be said immediately. The ministers reiterated the readiness of all Balkan states to combine efforts to rebuild and strengthen regional cooperation and thus contribute to the affirmation of stability, security, and good-neighborly relations. [passage omitted]

As a special form of regional cooperation, the ministers agreed upon a sort of Balkan assembly, which would consist of permanent delegations from the parliaments of all countries in this part of Europe.

[Begin FRY Foreign Minister Milutinovic recording] If this assembly truly comes to life, it could be a great step forward in the political integration of the Balkan states, which is not without significance for peace and security in the Balkans. I believe this is a major step forward.

In the six years since the last conference of Balkan states, we have wasted a lot of time. I hope we will make up for it now by working at an accelerated pace.

Essentially, I believe the timing of this conference is important because it coincides with the general views of the EU and other international organization as regards the Balkans; that is, that regional cooperation among the countries of southeastern Europe is a precondition for their admission into Europe and into the world community. [end recording]

The support expressed for full implementation of the Dayton-Paris peace accord is one particularly important result of the meeting. All countries expressed a readiness to contribute to the consolidation and success of the peace process through the intensification of multi-lateral cooperation. Within this context, they stressed the importance of the forthcoming Bosnia-Herzegovina elections as well as the need that all sides be treated equally in the reconstruction process.

The summit of the foreign ministers of southeastern Europe in Sofia also adopted a conclusion that gives full support to Yugoslavia's quick reintegration into international organizations and institutions, because, as it was pointed out here today, this is a precondition for the promotion of peace, stability, and cooperation in the region.

The ministers in Sofia were also told of the messages sent by the Russian and U.S. Presidents, something that has not been customary in summits of this sort. The two presidents expressed support for the concrete steps taken to further cooperation and good-neighborly relations in the Balkans.

Balkans: Albania's Starova Raises Kosovo Issue

AU0707180596 Tirana Radio Tirana Network in Albanian 1330 GMT 7 Jul 96

[FBIS Translated Text] The Sofia conference on improving economic ties and security in the Balkan region is expected today to approve a statement on stability, security, and cooperation, which will oblige its signatories to continue the mutual dialogue and cooperation.

Albanian Deputy Foreign Minister Arian Starova, who is heading the Albanian delegation, addressed the conference and said the meeting would represent a road toward cooperation.

Albania supported the Dayton peace, he said, adding that our participation in this meeting shows the importance the Albanian Government places on cooperation in the region.

Starova said we do not want to forget some problems, such as that of Kosova. We should be the first to find a solution to this problem as it was the cause of the beginning of war in the former Yugoslavia.

Salzburg Summit: Kontic Leads FRY's Delegation

LD0707145596 Belgrade TANJUG in English 1340 GMT 7 Jul 96

[“Pool” item]

[FBIS Transcribed Text] Salzburg, July 7 (TANJUG)—Yugoslav Prime Minister Radoje Kontic arrived in Salzburg, Austria, on Sunday to attend a three-day economic summit of Central and Eastern European states.

Kontic heads the Yugoslav delegation made up of Yugoslav Minister of Development, Science and Environment Ranko Radulovic, Yugoslav Deputy Foreign Minister Radoslav Bulajic and representatives of the Serbian electric power industry, PTT, Yugoslav Chamber of Commerce and money market.

On Monday, Kontic is expected to meet Ukraine's President Leonid Kuchma, Hungarian Prime Minister Gyula Horn, Polish Prime Minister Wlodzimierz Cimoszewicz and Austrian Chancellor Franz Vranitzky.

Austrian President Thomas Klestil is the sponsor of the Salzburg meeting, which has been organized by the Davos-based World Business Forum.

The summit will be attended by 15 heads of state or government from Central and Eastern Europe, ministers, governors of central banks, executives of international companies, economic experts, mainly from Western Europe.

The forum, which will close on Tuesday evening, is the major political event in Austria in 1996. The forum will be devoted to many issues, particularly the promotion of regional political and economic cooperation.

The participants in the summit will also discuss the expansion of the European Union, security on the continent, privatization and safe environment.

Salzburg Summit: Kontic Says Dayton Accord Crucial

AU0707194996 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 7 Jul 96

[Report by Tatjana Lenard]

[FBIS Translated Excerpt] The economic forum of central and eastern European countries opened in Salzburg, Austria this afternoon. The Yugoslav delegation is

headed by Federal Prime Minister Radoje Kontic. The presidents and the prime ministers of the 10 European countries participating in the debate on European security and development were greeted by the patron of the meeting, Austrian President Thomas Klestil. The meeting is being chaired by Claus Schwab, the creator and president of the World Economic Forum in Davos. [passage omitted]

Addressing the participants of the economic forum in Salzburg a little less than 30 minutes ago, our Federal Prime Minister Dr. Radoje Kontic advocated a security system that will guarantee security and facilitate unhindered economic and social development to all European countries. Yugoslavia advocates a security system that will acknowledge equally the interests of all European countries. It should be based on the general political, economic, social, scientific, and cultural relations among European countries, Kontic said.

Economic development, social affluence, and loyalty to democracy are the crucial contributors to the achievement of a peaceful and stable development on the continent, the Yugoslav prime minister emphasized in Salzburg. Kontic particularly stressed the importance of the integration processes as well as subregional cooperation.

[Begin Kontic recording] As one of the key factors of peace in the Balkans, the FRY believes that a successful and complete realization of the Dayton accord will help stabilize the situation in the region and, consequently, elsewhere on the continent.

I would also like to point out in the context of the Dayton accord implementation that the Vienna talks on regional arms control were successfully completed primarily thanks to Yugoslavia's contribution, although our country is still outside the structures of the OSCE. My country will energetically champion a consistent implementation of the agreement, which will definitely help consolidate trust and cooperation in this region.

The maintenance of the so-called outer wall of sanctions against Yugoslavia is not and cannot be in the interest of peace, security, and cooperation in Europe. I am justified in my expectations that Yugoslavia's reintegration into the international community and full support for the economic reconstruction of my country will materialize soon, and also that the broken economic and social ties in the region will be restored.

This is one of the essential preconditions for lasting, stable peace and development, as well as a substantial contribution to the European security cooperation. [end recording]

The summit will continue over the next two days.

Salzburg Summit: Berisha Discusses Austrian Investments

AU0807061496 Tirana TVSH Television Network in Albanian 1635 GMT 7 Jul 96

[FBIS Translated Excerpt] The high-level economic summit has started proceedings in Salzburg in Austria. Albanian President Sali Berisha is also taking part in the meeting. Here is a telephone report by our correspondent Diana Kalaja:

[Kalaja] [Passage omitted] This morning, President Berisha met Mrs. Levington, the organizer of the summit. She thanked Berisha for taking part in the meeting and asked for his support and assistance in organizing this meeting annually.

Berisha later held meetings with Austrian businessmen and powerful entrepreneurs, who are attracted to investment in Albania by the rapid developments.

The heads of Security Ton International, a powerful company that designs and produces security devices, providing employment and training, offered to bring projects to Albania.

The president of a 120-year-old Austrian company producing agricultural machinery showed an interest in investing in Albania. Their interest lies mainly in the field of processing agricultural products and bringing agricultural machinery to Albania.

Investment in energy, regarding Albania's potential in this direction, was another topic of interest for the investors.

Berisha welcomed their interest and stressed that Albania's main goal is to attract investment. [passage omitted]

At 1530 this afternoon, Berisha held a meeting with Bulgarian President Zhelyu Zhelev. The situation in the region and bilateral relations were the main topics of the talks.

Albania: Delegation Attends NATO Expansion Talks in Brussels

*AU0707185096 Tirana ATA in English
1925 GMT 6 Jul 96*

[FBIS Transcribed Text] Tirana, July 6 (ATA)—The first round of talks between NATO and Albania, as part of the intensified dialogue to enlarge the Alliance, was held in Brussels on Friday, according to the spokesman of the Albanian Defence Ministry.

The Albanian Government delegation was led by Foreign Deputy Minister Arian Starova and Defence Deputy Minister Luan Lazimi.

The NATO delegation was led by the NATO assistant secretary general on political affairs, Ambassador Gebhardt von Moltke.

During the talks in the NATO headquarters the two delegations appreciated the program drafted by the Albanian political-military structures for reformation and integration into a democratic society, with the clear objective of Albania's membership to NATO's Alliance, the spokesman says.

The second round of NATO-Albania talks is due in September 1996.

Albania: Zhulali Greets Troops Preparing To Join IFOR

*AU0607181796 Tirana ATA in English
0945 GMT 6 Jul 96*

[FBIS Transcribed Text] Tirana, July 5 (ATA)—Albanian Defence Minister Safet Zhulali accompanied by Chief of the Army General Staff general SHEME Kosova, his deputy Armand Vincani and the German military counselor close to the military academy "Skanderbej" colonel Walksenberg inspected Friday the Albanian peace keeping troops.

After intensive preparations the Albanian peace keeping company is leaving Monday for Germany and then for Bosnia to be included in the peace implementation force IFOR [Implementation Force] in Bosnia.

The Defence Ministry spokesman said that Zhulali greeted the troops on behalf of the President of Republic, Sali Berisha, for their serious preparation to be included in the important peace keeping mission.

By congratulating the German Minister of Defence, Ruehe, Zhulali voiced the help and support Bundeswehr is offering for our military troops and their participation in the context of German peace keeping force.

Albania: PM Meksi Asked To Form New Government

*AU0607153296 Paris AFP in English
1433 GMT 6 Jul 96*

[FBIS Transcribed Text] TIRANA, July 6 (AFP)—Albanian Prime Minister Aleksander Meksi was appointed Saturday to head a new government and completely privatise the economy, nine days after he resigned in the wake of a landslide election victory by the ruling Democratic Party.

President Sali Berisha's press office said that the head of state asked Meksi to form a new cabinet in which party chairman Tritan Shehu would take the newly created post of deputy prime minister. The government is due to be announced on Thursday.

Meksi, a 57-year-old building engineer and doctor of archeology, had headed the government since April 1992. He stood down on June 28 after elections which produced a crushing win for the DP when the opposition Socialist party withdrew during polling.

In a statement Saturday, Shehu said the new government "will undertake the task of completely privatising the economy, pursuing economic, social and legislative reforms and extending the financial powers of local authorities."

Albania: Meksi Working To Form New Cabinet

*AU0707145196 Tirana ATA in English
1711 GMT 6 Jul 96*

[FBIS Transcribed Text] Tirana, July 6 (ATA)—The President of the Republic of Albania Sali Berisha this afternoon appointed Mr. Aleksander Meksi to be chairman of the Council of Ministers and charged him with the formation of the new government.

Berisha congratulated Meksi for the vote of confidence won in the Democratic Party National Council for his candidature as premier and valued his will shown in meetings with leaders of other parties to cooperate with them for the formation of the new government.

Berisha expressed the conviction that the new cabinet would be made up of people, devoted, honest and capable, also including the participation of other political forces. He said that the new Meksi government would carry out its mission to realise the programme of the Democratic Party.

Meksi expressed his gratitude for being entrusted with the formation of the new government. He said that he was seriously engaged in the formation of a government which would be able to meet the commitments and demands of the whole Albanian electorate.

Albania: Democratic Party on Socialist Party Reform Efforts

*AU0607192696 Tirana ATA in English
1930 GMT 5 Jul 96*

[Report by R. Floqi]

[FBIS Transcribed Text] Tirana, July 5 (ATA)—The Democratic party (DP) is closely following the events happening in the Socialist Party (SP) after the motion for its reformation.

"I think that the removal of Marx is a delayed action. The actions for this should have been undertaken in 1991 or 1992," Tritan Shehu, the DP chairman, told journalists after today's meeting with the political parties on the formation of the new government.

The SP, successor of the Labour Party, has kept with conservatism the figure and idea of Marx in its program, but now, according to a letter from its imprisoned leader Fatos Nano, it seemed that it is changing its attitude.

Some of the SP leaders and its deputy chairman Servet Pellumbi have not signed the motion.

Pellumbi, present leader of the Socialist opposition said in an interview that he called on the party to boycott the idea of Karl Marx but he may also resign when the changes begin.

"However, I want to say that we undoubtedly would like a constructive and realist reformation of the SP," Shehu said. We are open to dialogue, he added.

The Socialists, successors of the Communist party which ruled Albania for almost half a century, and most of the opposition groups boycotted the elections to protest against alleged manipulations.

Pellumbi's party also refuses to have 10 seats it gained in the new parliament which began proceedings on Monday.

Albania: DP Talks With National Front, Socialist Leaders

*AU0607193396 Tirana ATA in English
2007 GMT 5 Jul 96*

[Report by R. Floqi]

[FBIS Transcribed Text] Tirana, July 5 (ATA)—The Democratic party (DP) deputy for prime minister Aleksander Meksi and the DP chairman and candidate for deputy prime minister Tritan Shehu held talks on Friday with the leaders of the Balli Kombetar party (National Front), which has two seats in the 140-seat parliament, and two non-parliamentary parties such as the Green party and the New Socialist party.

Asked about the attitude of the group of the Centre Pole which together with the Socialist Party (SP) has asked for the presence of international observers in the parties' round table, Shehu said, "This is one of the most sinister actions which can be taken at the detriment of Albania because first they try to insult the Albanian political forces, to denigrate and disdain them, to endanger sovereignty of Albania and on the other hand they aimed at presenting a bad image in Europe and say that Albania is not able to solve the problems by itself."

"We have a great respect for the international structures, friendly countries and accept their aid and support, but we are aware that the Albanian political forces should sit in the table to discuss and solve the problem between them," Shehu added.

One of the founders of the New Socialist party Tefik Ajazi thanked for the invitation saying that this showed the good will of the ruling party "to have the opinion even for such fundamental issues and praise the spectre of the political parties in Albania."

"To negate the achievements of a ruling party means to deny oneself," Ajazi said.

Ajazi, who has been the SP deputy and left the party before the end of the previous mandate, said that his new party "is of the opinion that all skilled and devoted Albanians should be members of the new state administration" and he presented the request for his party's presence at the institution of the State Control Service and favoured cooperation with the DP on problems of foreign policy.

Albania: PD 'Open' to Coalition With Christian Democrats

*AU0707181596 Tirana ATA in English
1016 GMT 5 Jul 96*

[FBIS Transcribed Text] Tirana, July 4 (ATA)—Prime Minister Aleksander Meksi and the Democratic Party [PD] chairman Tritan Shehu discussed Thursday, in the Palace of Congresses, with leaders of Christian Democratic Party [PDK] about the new government's structures in the context of meetings the PD is organising with Albanian political parties.

Shehu and the PDK leader Zef Bushati after the meeting said that it was a positive meeting but none of them gave details about a possible participation of the PDK in the future government.

"Coalitions seem to appear in the horizon," Shehu said to the journalists after the meeting, without mentioning any political force which can participate in the future government.

Bushati said "the PDK finds PD a natural ally," adding that "We are two member parties of the European Christian Democratic Union."

He said that his party has made proposals regarding the restructuring of the government and some of its governing bodies. He said he had also expressed his party's political stand on "how to further depoliticize governing bodies."

Shehu said that "the PDK is a party which we have collaborated from the beginning with, and we would like to continue even in the future in different levels of the country's governing." The democrat leader said that he found normal the Socialists' invitation announced a day ago, adding: "I think their decision until now to stand out of the dialogue is negative."

"I will put forth our desire to see them participate in parliament, to take up their seats and develop the political activity within the Albanian Parliament because otherwise they really risk their complete disappearance as a political force."

Shehu said that next week the new government will be presented to the parliament. "We have even before stressed that we are open for coalitions and they are approaching in the horizon."

The PD chairman also hailed the victory of the Russian President Boris Yeltsin.

Albania: Spokesman Denies PS 'Flirting' With Berisha

AU0707183696 Tirana ATA in English
1923 GMT 6 Jul 96

["Press Release"—ATA headline]

[FBIS Transcribed Text] Tirana, July 6 (ATA)—The Press and Information Office close to the president of the Republic reports that recently in the extreme left press, ZERI I POPULLIT, KOHA JONE, and their offspring, but unfortunately, also in the right wing press, the newspaper ALBANIA and some other, various reporters and analysts, in an irresponsible way, have allowed themselves to imagine the existence of groups inside the Socialist Party [PS] leadership flirting with the president.

Some paper goes so far as to attribute to the Presidency, without foundation or argument, documents of this party which have nothing to do with the Presidency institution.

Regarding all these, the spokesman of the president says that "we have to do with a dishonest and incorrect press campaign, with reporters and groups of reporters slan-

dering and imagining in an irresponsible way insinuations, alibis, and flirts in order to justify and mask their bias and flirts with left or non left political groupings and attributing these to the president to help these groupings and for their own clan interests.

"It is not the flirts with political opponents but the unshakable respect that constitutes the unwavering stand of the president of the Republic towards them," the spokesman of the president says.

Albania: National Front Urges Ermenji To Return to Politics

AU0707201796 Tirana ATA in English
0944 GMT 6 Jul 96

[Report by R. Floqi]

[FBIS Transcribed Text] Tirana, July 6 (ATA)—Balli Kombetar Party (National Front) called on its historical leader Abaz Ermenji on Friday to return to Albania and be involved in the political life.

"He is the leader of Balli Kombetar and member of the Albanian Parliament. His return depends on his will," said the party deputy leader Hysen Selfo to journalists.

Ermenji has offered his resignation after the first round of elections. But he was elected parliamentary deputy on the proportional list.

"He offered his resignation within his party and this is an inner party problem," Selfo said.

He added: "We should do our best that Ermenji be involved again in the Albanian political life."

Albania: Files of Former Senior PLA Officials Sent to Court

AU0507131296 Tirana ATA in English
1022 GMT 5 Jun 96

[Report by A. Frasheri]

[FBIS Transcribed Excerpt] Tirana, July 4 (ATA)—Nine former senior officials of the PLA [Albanian Workers' Party] (former communist party) and communist government will stand trial under the charge of genocide and crimes against humanity. After the investigation from the prosecution office their files were sent to the Tirana court. This group includes Lenka Cuko and Llambi Gegprifti, members of the PLA politburo as well as Idajet Beqiri, Veiz political force which can participate in the future government. [passage omitted] dl

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ALBANIA

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Albania: Defendants Deny Attending Socialist Party Rally

*AU0607181196 Tirana ATA in English
1749 GMT 5 Jul 96*

[Report by A. Frasheri]

[FBIS Transcribed Text] Tirana, July 5 (ATA)—Nine out of ten participants of the illegal gathering of May 28 in the capital denied their participation in this gathering in today's trial presided over by the judge Shaqir Hasani.

They justified their affirmation by saying that they were not arrested by the police at the spot but, according to them, in other places around the Skanderbeg Square and the Socialist Party headquarters.

The ten were accused of participation in an illegal gathering even after the warning of the competent bodies.

The accused, the SP activists nine of whom had been officers of the Albanian army, participated in the illegal meeting the political forces of the left-wing opposition tried to organise in Skenderberg square. They provoked the police and ignored several continuous warnings of the Interior Ministry transmitted through television and newspapers but the police forces intervened and prevented the illegal gathering. The Interior Ministry had set other places for the above gathering.

Bulgaria: Pirinski Defines Aim of Sofia Balkan Forum

AU0507191796 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 5 Jul 96

[FBIS Translated Text] Today Foreign Minister Georgi Pirinski gave a news conference on the preparations for and aims of the meeting on stability, security, and cooperation in southeastern Europe that will open in Sofia tomorrow.

The countries that will sign the final declaration are: Bulgaria, Greece, Turkey, Romania, Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], Yugoslavia, and Albania. Bosnia-Herzegovina, Croatia, and Slovenia will send observers. Other participants include the five member countries of the Bosnia contact group, including the United States and Russia; countries holding the presidency of international organizations, such as Ireland, which is chairing the EU, and representatives of international organizations.

The aim of the meeting is not to resolve bilateral questions or to agree on specific projects. Here is how Foreign Minister Pirinski formulated the aim of the forum:

[Pirinski] The aim is to seek points of contact between the countries, to seek their common interests even at this stage, when serious, extremely complex open questions still exist in the region. In other words, the open questions must not be allowed to block positive steps, positive cooperation in areas where this is possible.

Bulgaria: Turkish General Staff Chief Interviewed

AU0307131096 Sofia TRUD in Bulgarian 3 Jul 96 p 19

[Interview with General Karadayi, chief of the General Staff of the Turkish Armed Forces, by Vasil Lyutskanov; place and date not given: "Dr. Zhelev Was the Catalyst That Promoted the Good Relations With Turkey"]

[FBIS Translated Text] [Lyutskanov] General Karadayi, of all your meetings with our statesmen, you spent the longest time with Dr. Zhelyu Zhelev. What did you discuss with the president?

[Karadayi] Your president is a much-liked figure in Turkey. I transmitted to him a message of good wishes from Turkish President Suleyman Demirel. Dr. Zhelev is the leader that acted as a catalyst in promoting the new relations between Turkey and Bulgaria. He is an important factor for the good health of these relations. During our conversation, President Zhelev spoke of his wish for Bulgaria to integrate into the structures of the

European Union and NATO, and we established that we share the same view on this issue.

[Lyutskanov] Bulgaria is worried by the continuing tension between Ankara and Athens, although they are both NATO members. Can the dispute concerning the Aegean islands lead to an armed conflict between Turkey and Greece?

[Karadayi] Our region is not stable, that is a fact. However, I want to tell you frankly and unequivocally that Turkey is a country that wants peace, both in our region and throughout the world. Apart from this, we and Greece are members of the same alliance—NATO. Like Bulgaria, Greece is one of our neighbors. We want to resolve all disputed issues at the negotiating table on the basis of mutual trust. This is our country's position, and we as military men must defend it. We have no territorial claims against anyone.

[Lyutskanov] General Karadayi, what do you think of the Bulgarian initiative concerning a Balkan defense ministers' meeting in Sofia?

[Karadayi] It is too early as yet to say whether Turkey will take part, but this is a good initiative for the security of the region.

[Lyutskanov] Did not your counterpart General Totomirov [chief of the Bulgarian Army General Staff] suggest that the chiefs of general staffs of the Balkan countries should meet together round the table in Bulgaria?

[Karadayi] In my view, the time has not yet come for holding such a meeting, but I am ready to meet my colleague and longstanding friend General Totomirov at any time and wherever he says. If anyone had said 15 years ago that the chiefs of the Turkish and Bulgarian General Staffs would meet at the same table, we would have regarded him as an idiot.

[Lyutskanov] What do you think about the idea of the so-called Pomak nation that has been put forward by Greek military figures and politicians?

[Karadayi] This is a question that each of the sides involved must decide.

[Lyutskanov] In your view, what are the present dangers to the stability of the region?

[Karadayi] The most important problem for the security of the Balkans at present lies in former Yugoslavia, where blood is still being shed. Last week, I visited our peacekeeping contingent in Bosnia, and it is my view that the multinational troops of IFOR [Implementation Force] have completed 60-70 percent of their work there. However, considerable efforts still have to be

made to finally halt the bloodshed there. The situation in Russia, connected with the changes following the first round of the presidential elections, is no less important for us. In recent weeks, we have been closely following developments. A further important problem for us is the situation in the Persian Gulf, from where terrorism comes to Turkey. Another problem is the narcotics traffic from Central Asia to Europe, which has degenerated into a mafia. These problems affect all the Balkan countries, and we must pool our efforts to overcome them.

Bulgaria: Industry Minister Discusses Defense Plants

AU0807131596 Sofia TRUD in Bulgarian 6 Jul 96
p 6

[Unattributed report: "Minister Dachev Admitted That Conversion of Military Production Was Unsuccessful"]

[FBIS Translated Text] Despite its serious financial position, the Dunarit Company in Ruse is showing signs of recovery, Industry Minister Lyubomir Dachev said in answer to a question in parliament yesterday. The company ended 1995 with a loss of 27 million leva, as compared to losses of 282 million leva in 1994. The delay in paying wages started early in 1996 and is due to difficulties in marketing the company's products, Lyubomir Dachev said. According to him, the formation of the Dukam Bulgarian-Russian joint company posed no threat to Dunarit's interests. After the Supreme Court's decision of 1994 concerning the closure of Dukam, Dunarit is forming a company called Dukam-2, in which it holds a 71 percent share, Dachev added. In his view, this move is necessary in view of the good financial results reported by the first company.

The Chernomore Company in Varna will settle its employees' back wages, Minister Dachev promised in answer to a deputy's question. The radar equipment company owes 12.8 million leva in wages and 28 million leva in interest payments. It already paid out over 16 million leva in wages owed and over 2 million leva in interest when 1,845 cases were brought against it in the Varna court. Of these, 750 were instituted by employees who are still working for the company, the minister added. The amounts involved have accumulated from the 1991-92 period, when the workers were put on short time. During that period, Minister Dachev explained, the plant's output declined a hundredfold because of the disintegration of the Warsaw Pact markets and the unsuccessful attempts to convert the military production.

Bulgaria: Kiril Zhelev Resigns as BSP Treasurer

AU0407181096 Sofia STANDART NEWS
in Bulgarian 4 Jul 96 p 5

[Article by Neda Popova: "Kiril Zhelev Will Not Finance Goergi Pirinski's Campaign"]

[FBIS Translated Text] It emerged yesterday that Kiril Zhelev will not be working on financing Goergi Pirinski's election campaign. "I resigned as BSP [Bulgarian Socialist Party] treasurer because of the vast amount of work I have to do in the Parliamentary Budget Commission," Zhelev declared. "I am not bound to name a successor," he told journalists, and assured them that to do his job effectively he has to concentrate on his work connected with parliamentary legislation.

Members of the "red" creative intelligentsia gathered at BSP headquarters yesterday to discuss issues relating to Pirinski's campaign. Apart from rank-and-file Socialists, Pirinski is to receive the support of intellectuals like Doncho Tsonchev, Vili Tsankov, Professor Mikhail Genovski, and Stoyan Popov. Pirinski's campaign headquarters has even sought help from opera star Gena Dimitrova.

Bulgaria: Kiril Zhelev Views Budget, Financial Issues

AU0507114196 Sofia TRUD in Bulgarian 4 Jul 96
p 9

[Interview with Kiril Zhelev, chairman of the parliamentary Budget and Finance Commission, by Valeriya Veleva: place and date not given: "The Updating of the Budget Should Go Through by the End of July"]

[FBIS Translated Text] [Veleva] Mr. Zhelev, why do you want an audit of the BSP's [Bulgarian Socialist Party] party funds? Have you any reasons for concern, especially in the light of the fact that after the local elections many doubts were expressed regarding the "honest" financing of the BSP?

[Zhelev] Reasons for concern can always exist, and the same is true of doubts from the most variegated circles. However, it is more polite and correct to express these concerns at the right time, and if any claims exist, it is sensible to present them so that explanations can be given. At the national party conference, I expected delegates to order an audit of the Duma Press Joint Stock Company, but unfortunately no audit has been conducted for more than a year now.

[Veleva] Is there any connection between you losing your seat in the BSP Executive Bureau and your resignation as party treasurer?

[Zhelev] No, there is no connection. I know that some people suggest this, but as far back as last November or December, before I became chairman of the parliamentary commission, I had talks with the party and asked them to assess whether I am more useful in parliament or dealing with the party's finances. The view was reached that it is better for me to work in the parliamentary commission. I have waited six or eight months for a suitable successor to be found, I have coordinated my position with my colleagues, and I expect the BSP to relieve me.

[Veleva] Since you are now giving all your attention to parliamentary work, can you say if you expect any new budget updating following the latest price shock?

[Zhelev] Yes, the budget update should pass through at least its first reading in parliament by the end of July. This will enable the economic organizations active in the market to take stock through the budget framework, so that they can know where the dollar rate is going, know the rate of the lev to dollar, the level of inflation, and make their forecasts for the rest of the year.

It is important for us to see the real economic picture in the country. We now have a price shock, but we still do not know how this will affect inflation. We can see that businessmen are seriously worried; the immune system of most of those who are in the market has ceased to function.

[Veleva] Will the second reading of the budget update be completed before or after the memorandum is signed with the IMF?

[Zhelev] Everything depends on when the government submits the 1996 budget updating bill. This will determine how parliament will behave.

[Veleva] Is there any possibility of the deputies being recalled from their summer vacation to vote on the budget amendments in August?

[Zhelev] Let us not talk about interrupting the vacation now. I believe that things can be sorted out by the end of July. It is also possible to deal with it at the start of the next parliamentary session in the beginning of September. The expenditure side of the budget is planned until the end of the year, so that it can be financed until the end of September. The question is now the state-financed companies will react to inflation.

[Veleva] On 1 July, Deputy Prime Minister Rumen Gechev told the Democratic Left Parliamentary Group that he wanted to reduce the base interest rate to 57 percent. Is this possible?

[Zhelev] Yes, we must find ways to reduce the interest rate, because this affects the state of the real production

sector. In practice, at the moment both the financial system and the real sector are clogged up. We have seen that the increase of the interest rate does not achieve the basic goal, namely to increase confidence in the national currency. The base interest rate has stood at 108 percent for 30-40 days now, but people with foreign currency are not converting it into leva. This implies that many of the people in the market are showing resistance and distrust of the lev and expect a new devaluation. Objectively, these interests are again putting pressure on the market.

[Veleva] Will you commit yourself to any prediction of the dollar rate?

[Zhelev] No. For a month now, no one has ventured to do this.

[Veleva] Nevertheless, figures of 300, 500, and 700 leva to the dollar are being mentioned in financial estimates!

[Zhelev] Let us not create hysteria among the public. Periodically, a situation appears of objective pressure toward hyperinflation. How can one say that the dollar will rise to 900 leva? This only encourages certain people to push the dollar up as close as possible to this figure. I do not think that this is in the state's interest.

[Veleva] Pressure from whom?

[Zhelev] From those who want to multiply their personal wealth unfairly. They are bringing influence to bear on the market to provoke hyperinflation because they are in a favorable position, as they have foreign currency positions or real estate. Everywhere in the world some people are interested in hyperinflation, not only in Bulgaria. The issue is to prevent it happening, because everyone will have to pay the price.

[Veleva] In this case, is the government not placed in the position of a beggar before the IMF?

[Zhelev] I cannot say this is so, nor do I think that the mechanisms for controlling this process lie wholly in the government's hands. You must agree that the government exerts only indirect control through the Bank Consolidation Company and the managements of the independent commercial companies. This does not exculpate the government, but the responsibility cannot all be placed on a specific individual or on the Council of Ministers itself.

[Veleva] Does not a second budget update imply a poor mark for the work of the government's economic team?

[Zhelev] Why a poor mark? The fact that it is making a second update can be interpreted as a good mark, as it shows that when the conditions change they

immediately find the right solution that corresponds to the new conditions.

[Veleva] Many observers, including some Socialist deputies, are claiming that the government is not carrying out the reform at all. What is your view?

[Zhelev] The government has the political will and is making a start on implementing the reform. This is only the beginning.

Bulgaria: 'Secret' BSP Report on Possibility of Monarchy

AU0507184596 Sofia KONTINENT in Bulgarian
5 Jul 96 p 11

[Article by Violeta Simeonova: "Bulgarian Socialist Party Admits Possibility of Monarchy"]

[FBIS Translated Text] If the crisis continues, the average Bulgarian will welcome Simeon II as the messiah who can save the country, BSP [Bulgarian Socialist Party] experts have established to their horror.

According to a secret report prepared for BSP headquarters, the ex-czar who recently visited us has lost his presidential ambitions, but has a chance of regaining his throne in Bulgaria. The Socialists fear that the czar may develop from a hypothetical danger into an real one.

Republican Bulgaria may return to outdated monarchism at the end of the 20th century, predict the two doctors of history commissioned by BSP headquarters to prepare the analysis.

Simeon is not an ordinary emigrant returning to his native land after a long exile, the BSP men admit. The moment for his return was carefully chosen and his message was put over with finesse, but nevertheless firmly, namely the restoration of the monarchy.

The authors of the report reassure themselves by noting that there are more would-be courtiers than monarchists in Bulgaria. The bad news, however, is that origins are of no significance; the czarist lobby includes both young and old. Exactly how many Bulgarians shouted for the czar is a matter for dispute, but the BSP acknowledges that such large gatherings of people have not been seen at rallies since "the dawn of democracy."

According to the report, some of the people who came to meet the czar came out of curiosity to see the exotic figure, while others were motivated by snobbery or their desire to enter the country's new elite. Students and young people fell victim to the "fashionable" fad, while older people were moved by sentimental feelings for the small fair-haired lad who had been expelled from his country.

The report states that the crisis is the real reason that brought hundreds of thousands onto the streets. The hysteria surrounding the czar's visit is being compared to the dramatic funeral of his father Boris and a comparison is also drawn between the gloomy state of the country then and now.

"The differences between 1943 and 1996 are indisputable, but in both cases Bulgaria's condition is grave, which has a very damaging effect on society's consciousness."

The red soothsayers conclude that Simeon II firmly declined to support the SDS [Union of Democratic Forces]. The analysis mentions with delight that he praised the Socialist government on more than one occasion and even talked about "our government's policy."

Evidently, the BSP people have drawn the optimistic conclusion that they will retain power even with Simeon on the throne. This bold plan is supported by the reply that the czar gave when asked if he would rule with a Socialist prime minister: "With a constitutional monarchy in a democratic state, it is politically logical for the head of state to accept the results of the majority."

Sympathies for Simeon Coburg-Gotha are not a real criterion of monarchist sympathies, the two scholars reassure their highly placed readers. In their opinion, interest in the czar declined with every passing day of his visit. Despite the sympathy that the homecoming exile won, the population did not strain themselves to demonstrate their ardent desire for the restoration of the monarchy.

According to the report, the possible scenarios are:

Alternative one: Simeon joins the presidential election campaign. The red theoreticians have already rejected this possibility on the grounds of Simeon's age in five years time, the competition that he would face, and his evident wish to ensure the continuity of his dynasty.

Alternative two: Simeon returns as czar of the Bulgarians. This is very unlikely now, but in principle it is possible, the soothsayers conclude cautiously. In this case, his age is of no importance and arguments about whether he holds Bulgarian citizenship and where he has lived for the last five years lose their point.

Bulgaria is in such a state that a sudden change is possible, the two authors warn. Evidently, the red leaders have come to the same conclusion and quietly prepared a "Plan B." Whereas Zhan Videnov publicly snubbed "the gentleman from Madrid," three high emissaries from BSP headquarters managed to shake

hands with the czar, whether or not they talked to him only about football and women, as was rumored.

Bulgaria: SDS Leader on Talks at IMF, World Bank

AU0307130196 Sofia KONTINENT in Bulgarian
3 Jul 96 p 8

[Interview with Ivan Kostov, chairman of the National Coordinating Council of the Union of Democratic Forces, by Malina Angareva; place and date not given: "We Need a Reform of Recovery, Not Foreign Aid"]

[FBIS Translated Text] [Angareva] Mr. Kostov, whom did you meet from the World Bank and the IMF during your U.S. visit?

[Kostov] I had meetings with the top management of the IMF and World Bank. I talked to Anne McGuirk, the World Bank chief for eastern Europe, and with Evelyn Herfkens [name as transliterated], the World Bank director for Bulgaria.

[Angareva] Are there any differences in the views held by the World Bank and the IMF?

[Kostov] I would not say differences; there is a difference in the pace at which they are implementing practical support for the Bulgarian reform. For the World Bank, the pace depends on the effective fulfillment of the measures that the bank's experts regard as essential.

[Angareva] Does the IMF set any conditions also?

[Kostov] Yes, the same is true of the IMF, but their requirements relate to the fiscal and financial spheres. However, I do not know whether the latest price increases are an explicit condition set by the IMF, although the government claims this is so.

[Angareva] In your view, can we conclude an agreement with the IMF before the end of July?

[Kostov] Provided that all the conditions of the program are fulfilled, Bulgaria may sign a standby agreement on 12 July. The agreement with the World Bank is likely to be signed in September. The problem is that the World Bank's support will only come later. Moreover, we will sign the agreement only if the structural reforms are effectively carried out. This means that September is a possible time, but not the final deadline.

[Angareva] What is meant by effective fulfillment of the structural reforms?

[Kostov] First and foremost, the negative value of the loss-making companies, which are predominantly state-owned, must be reduced.

[Angareva] What is the minimum amount that we must receive from the IMF to start servicing the foreign debt?

[Kostov] I fear that the amount we will get from the IMF will not be enough to service the debt. Even if one adds the money received from the European financial institutions, it will still be insufficient. Bulgaria requires massive support. This is a very important thesis, and anything else means procrastination and halfhearted measures until the presidential elections are over.

[Angareva] Is there a possibility of no agreements being signed either with the IMF or with the World Bank?

[Kostov] It is not sufficient to sign an agreement only with the IMF. The problem is that Bulgaria must implement a real market reform. Bulgaria must carry out a reform to rehabilitate its economy from within, and not rely on help from outside, because in practice economic policies are exploited to derive personal advantage. Whoever is in power conducts negotiations, gets money from somewhere, and allocates it. That is communism.

[Angareva] Can you tell us if you heard anything bad about Bulgaria?

[Kostov] When people in the West want to tell you that you are not a suitable partner, they say that you are unpredictable. People told me on numerous occasions: You do not know what you want, you are not consistent. These are possibly the most damaging criticisms that can be made of any state.

Bulgaria: SDS's Bozhkov Criticizes High Taxes Policy

AU0307130696 Sofia DEMOKRATSIYA in Bulgarian
3 Jul 96 p 3

[DEMOKRATSIYA staff report: "Aleksandur Bozhkov: Even an Idiot Can Govern by Cutting Consumption and Imposing High Taxes"]

[FBIS Translated Text] Sofia—Forcing a sharp reduction in consumption because of high prices and increasing taxes is the simplest way of governing the country, Aleksandur Bozhkov [deputy chairman of National Coordinating Council of the Union of Democratic Forces, SDS] said at a news conference yesterday. He recalled the numerous warnings given by the SDS, including in the motives stated for their no-confidence motion in the cabinet, that July will be harder than the previous months. Ivan Kostov predicted that the deteriorating economic situation would hit bottom in October and November. Bozhkov said that the government had committed unforgivable errors in 1995; it committed some of them deliberately at the time of the local elections, while others it made because of lack of professionalism, and yet others resulted from the BSP's [Bulgarian Socialist Party] pseudosocialist policies. It was announced at the news conference that teams of SDS experts are

continuing work on drafting the SDS government program, which will be ready in September.

Bulgaria: Voters Urged To Reject BSP Rule

AU0307142596 Sofia DEMOKRATSIYA in Bulgarian
3 Jul 96 p 2

[Article by Nadezhda Mikhaylova, spokesman of the Union of Democratic Forces Parliamentary Group: "Bulgarian Socialist Party Has No Useful Moves"]

[FBIS Translated Text] The latest actions by the government have brought the Bulgarian people to their knees. A process of physical annihilation of people is under way. The new prices announced for energy and fuels, and the increases in value-added tax and excise duties as of 1 July, coupled with a real reduction in Bulgarian citizens' incomes, will make it impossible for the average Bulgarian family to survive even at the beginning of the autumn and winter season.

Last year the BSP [Bulgarian Socialist Party] refused even to talk to the international financial institutions, and claimed that it could complete the transition without foreign financing. At the same time, the essential structural reforms were postponed, both because of the local elections and due to the BSP's manifest unwillingness to advance toward privatization, predominant private ownership, reform of the banking sector, and diminishing the state's influence on the economy.

Today the BSP has no useful moves left to make. In order to obtain a minimum portion of the necessary foreign financing, Zhan Videnov's government has set about accomplishing what anyone can do when he is in power, namely reducing consumption and raising prices and taxes. At the same time, to this very day the BSP has not done anything regarding true structural reform, and it will not do anything, either, because it does not want to disturb its ties with the semilegal mafia groups, the people who plundered the banks and the companies, and those who export for ridiculously low prices Bulgarian wheat, Bulgarian fertilizers, and Bulgarian steel.

We have repeatedly warned that this government is harmful and dangerous for Bulgaria, and that in July the situation will deteriorate into a complete disaster. We warn the people today that hunger and cold await us in the autumn.

The BSP came to power in December 1994 following democratic elections, at the will of the majority of the electors. Today, these same electors are reaping the fruits of their delusion. However, the people who did not want the Bulgarian Communists to return to power are also suffering alongside them.

The protests of citizens and trade unions, and the parliamentary and extraparliamentary political actions of all those who want to save Bulgaria, must be aimed at elections—both presidential and parliamentary.

The only way to remove the BSP from the power that it has rapaciously seized is for the people to cast their votes against this party.

Bulgaria: SDS Expects Campaign Funds From U.S., UK

AU0407171396 Sofia STANDART NEWS
in Bulgarian 4 Jul 96 p 5

[STANDART NEWS staff report: "Opposition Expects \$800,000 for Presidential Elections"]

[FBIS Translated Excerpt] Yesterday a National Assembly deputy of the Union of Democratic Forces [SDS] said that the opposition expects to receive \$800,000 from abroad to finance Petur Stoyanov's presidential election campaign. The funds are being arranged at the moment and are expected to be contributed to the "Victory" Foundation by members of the U.S. Republican Party and the Conservative Party in the UK.

The American Republican Institute supplied \$230,000 for the opposition's primaries on 1 June, while the Westminster Foundation donated 46,000 pounds sterling. [passage omitted]

Czech Republic: Weekly Interview With President Havel

LD0707175196 Prague Radiozurnal Radio Network in Czech 1215 GMT 7 Jul 96

["Conversations at Lany"—regular weekly interview with Czech President Havel by Robert Tamchyna—recorded, date not given]

[FBIS Translated Excerpt] [Tamchyna] The first part of the political talks after the June elections ended this week with the appointment of the new Czech Government. Can you comment on it yet?

[Havel] [Passage omitted] I am glad that everything is happening as we thought it would. We always knew that these complicated negotiations would take place in stages. I must say that I am satisfied with the way things are going and with the results of the talks. I think that the government I appointed is a team that can work and cooperate well. The only thing I am sorry about is that yet again we do not have any women in the government.

[Tamchyna] I can hear a helicopter showing that Mrs. Clinton is still in Prague. You have seen quite a lot of her recently. Her visit to Prague cannot be described as formal. How would you describe it, and what is its significance?

[Havel] Originally, it was to be a private visit. Mrs. Clinton heard much about Prague and the Czech Republic and knew much about the country not only from [U.S. Ambassador to the United Nations] Madeleine Albright but also from other sources. I invited her to Prague on several occasions. In the end, there was a change of plan and she toured a few Central and East European countries. The stay in Prague is perhaps the most important because it has been the longest: she stayed in other countries for a day or two, while she has been in Prague for four days. Furthermore, she gave that important speech here on Independence Day. The visit has become more official. She is not here as a private tourist but has been entrusted by the U.S. President to act as a sort of envoy.

I had the opportunity to spend much time with Mrs. Clinton. I had a private dinner with her, and, on Independence Day, we went on a boat together, where she had invited me along with the U.S. community. I went to Radio Free Europe to listen to her lecture. We strolled across Charles Bridge and on Mala Strana at night and then, the day after, in Wenceslas Square, which she had seen on television in 1989. Speaking to her, I had the opportunity to confirm my opinion that she is a very well-educated, clever, and likeable woman, a real personality who is, like all of us, tied down by formalities and the continuous presence of the

media, but underneath there was a spontaneous person who was very interested in humanitarian issues. I liked the way she mentioned civic society in her speech; this is a topic that is much debated in our country. Naturally, I was glad that she accompanied me on a visit to the Goodwill Committee [of the late Mrs. Olga Havel]. It was a moving meeting.

I think this visit was very significant. I think that Mrs. Clinton was satisfied and that she liked the atmosphere of Prague, and the sights interested her very much. [passage omitted]

[Tamchyna] Now about your lunch on 5 July with former German President Richard von Weizsaecker. Is it yet another informal meeting that in the future could help to create a new form of Czech-German relations?

[Havel] As you know, [former] President Richard von Weizsaecker and I are good friends. He was in Prague at a ceremony where an important German literary award was bestowed on [Czech writer] Jiri Grusa. [passage omitted]

We had a long working lunch during which we discussed various aspects of our relations and their future. The frequency of these visits is important, and we shall have more of them. In September, we are to be visited twice by [German] President [Roman] Herzog. He will come to the Czech and German Youth Festival and then to a festival of German-speaking theatres in Prague. There will be other visits. I think this is very important, that it enhances mutual understanding and creates the right atmosphere for finding solutions to some political issues. [passage omitted]

[Tamchyna] How will you spend your summer holiday?

[Havel] In July I will be in Prague because I have much to do. [passage omitted] Then I want to go to the seaside in France, to an as yet unknown location. Then I shall be in the Czech Republic, sometimes in Prague, sometimes at Hradecek [his summer house]. [passage omitted]

[Tamchyna] I would like to thank you, also on behalf of my colleague Eva Hulkova, for your attention given to Czech Radio this year. I wish you a nice holiday and see you in September.

[Havel] See you then.

**Czech Republic: Aero Vodochody To Be
'Showcase' for NATO**

AU0507115696 Prague TYDEN in Czech 1 Jul 96
No 27, pp 26-27

[Article by Tomas Horejsi: "Aero—A Showcase for NATO"]

[FBIS Translated Text] After years of passivity, the Czech State is again beginning to support the arms industry. The biggest domestic arms plant—the Aero Vodochody shareholding company [a.s.]—will by all accounts not, therefore, be privatized in the near future, as had been envisaged, but will be returned to state ownership once more. According to the experts, this is so the Republic "makes a good impression on the North Atlantic alliance's headquarters in Brussels." First Deputy Defense Minister Petr Necas also referred to the necessity of state support for Czech arms manufacturers at a NATO meeting in Warsaw two weeks ago. "This is a breakthrough in the thinking about the Czech arms industry," said AERO Holding's spokesman, Zdenek Burian, to TYDEN.

Aero's Privatization Will End in Nationalization

According to figures from the Trade and Industry Ministry, Aero Vodochody is the biggest Czech exporter of arms products. For example, last year it exported 12 L-59 aircraft to Tunisia and eight L-39 ZA aircraft to Bangladesh.

The privatization of the Vodochody arms plant should have been completed this year. So far this has not happened, and according to TYDEN's sources from the Defense Ministry, the Investicni a Postovni Banka [Investment and Postal Bank—IPB], and Aero itself, it will not happen. That is, the Vodochody enterprise is being returned to state hands again through the state-owned Konsolidacni Banka [Consolidation Bank] and the state-controlled National Property Fund [FNM].

According to reports from the beginning of this year, the majority stake (55.39 percent) in Aero Vodochody was supposed to have been sold to one of the five domestic interested parties (Omnipol, Energoimp Zlin, CKD Praha, Barum, and Cimex). The arms plant's three current shareholders—the fully state-owned Konsolidacni Banka (31.45-percent stake in Aero), the Investicni a Postovni Banka (16.1 percent), and the Ceskoslovenska Obchodni Banka [Czechoslovak Foreign Trade Bank—CSOB] (7.84 percent)—were to have transferred their shares to it. However, the turning point came in May after months of bargaining: The Konsolidacni Banka altered its stance and refused to discuss the sale. The packages of IPB and CSOB shares thus suddenly be-

came almost unsellable because they would not guarantee their new owner sufficient power in the company.

The situation within Aero was also discussed at the "highest" level during the course of June 1996. A surprising conclusion came out of the meetings involving the trade and industry and finance ministers and bankers and industrialists: The IPB and CSOB shares in Aero will be purchased by the Konsolidacni Banka, which will obtain further securities in exchange for writing off the credits it has granted to Aero. So, a financial institution owned 100 percent by the state is to be given the opportunity to exercise complete control over the arms plant.

The State Has To Support Its Arms Manufacturers

"A state that does not pay attention to its industrial base from the point of view of the defense industry is actually undermining its ability to defend itself. The issue of defense is not only a matter for the Army; it is a matter for the whole state. And one of the key factors of a state's defense capability is, apart from the size of its armed forces, the ability of the economy and industry to create sufficient resources," says Deputy Defense Minister Petr Necas (Civic Democratic Party) in justifying this step. According to him, the arms industry provides a very considerable technological-innovative impulse for the growth of the development base of industry and the economy and also has a very strong impact on civilian production. "I cannot imagine the Czech Army without the support of Czech industry," said the deputy minister.

The Czech political representatives' change of view on the issue of arms production and support for it is associated closely with our endeavor to become a member of NATO. That is, the alliance is assessing not only our Army but also our ability to "sustain" our defense forces. Furthermore, it is also probing the capacity of its potential members to contribute "something" to NATO. The state-of-the-art Vodochody L-159 aircraft could be our investment in the alliance. The experts think that support for Aero will be the best proof that we are serious about NATO. "It is good that the arms firms, thanks to a change in the attitude of the politicians, will not end up like Poldi Kladno," said Burian.

Investing in Holding Company Shares Will Not Pay Off

Aero Vodochody is part of the AERO a.s. aviation holding company, which arose out of the transformation of the state enterprise in the winter of 1990. The holding company, which was partly denationalized in the first

wave of coupon privatization, now owns almost 45 percent of its Vodochody "subsidiary."

The holding company is also under state control or, more precisely, under FNM control (61.83 percent). Small shareholders in "big AERO" own 27.29 percent of its shares. At the beginning of this year, its price was close to its historical minimum (64 korunas [Kc]) and is now hovering at about Kc90 per share. Its highest value climbed to Kc500 in July 1993. The stock market is not trading at all in the securities of "little Aero." "Investing in the holding company's shares will almost certainly not pay off because the state will purchase its best quality subsidiaries," said a well-informed source from the IPB to TYDEN.

At the same time, the holding company, which suffered a financial loss of more than Kc412 million in 1995, will evidently lose its influence in "small Aero." That is, according to TYDEN's information, the Konsolidacni Banka intends first to reduce and then to increase Aero Vodochody's basic capital. "The holding company will no longer have anything to invest there; we do not have the resources for this," claims the holding company's spokesman, Burian. So the share of the semistate holding company will be reduced to the benefit of the share of the completely state-owned Konsolidacni Banka.

Aero and Its Rosy Future

Aero Vodochody has, as opposed to its parent holding company, reasonably good prospects. The Czech Army is to purchase 72 state-of-the-art L-157 light ground-attack aircraft from it. The company has already received a loan of Kc1.6 billion from the government for its development; the overall value of the contract is Kc22 billion. "Maybe there has been some unnecessary expenditure, but, as far as the L-159 is concerned, I am absolutely certain that this will be money well spent," said Petr Necas to TYDEN.

Apart from the Czech Army, the U.S. Allied Signal and Rockwell companies are also involved in the development of the L-159 aircraft. According to Necas, this is a manifestation of exemplary cooperation between an arms plant from a former Warsaw Pact country and Western firms.

Furthermore, the Vodochody plant is also preparing for the possible modernization of the F-16 fighter aircraft that the Czech Army is thinking about purchasing. According to its executive director, Vladimir Nyvit, the arms plant has already begun to prepare now for the so-called upgrade and inspection and repair of these fighters. "All of the modifications to the aircraft purchased would be made in our country. The

investment that the state will make in purchasing them will be returned to the state's coffers within 20 years," claims Burian of AERO Holding. Deputy Minister Necas supports the import of technology by the Czech Republic. "This will enable Czech industry to become involved with the structures of the NATO member states," he said.

Structure of AERO Holding

	Percent
Let Kunovice	100
Technometra Radotin	100
Teset Semily	100
Walter Praha	93.62
Aero Vodochody	44.61
VZLU [Research and Experimental Aviation Institute] Praha	44.61
Letov Praha	39.91
Aero Trade Praha	34.20

Owners of AERO Holding

	Percent
FNM	61.83
Physical persons	27.29
Legal persons plus investment funds	7.42
RIF [Restitution Investment Fund]	3.00
Foreign shareholders	0.46

Current Owners of Aero Vodochody

	Percent
Konsolidacni Banka	31.45
IPB	16.1
CSOB	7.84
AERO Holding	44.61

Future Owners of Aero Vodochody

	Percent
Konsolidacni Banka	55.39 (100-percent state)
AERO Holding	44.61 (64.83-percent state through the FNM and RIF)

Czech Republic: ODA Chairman Views Coalition Talks

AU0507133196 Prague PRAVO in Czech 3 Jul 96
pp 1, 4

[Interview with ODA Chairman Jan Kalvoda by Andrea Zajicova; place and date not given: "The CSSD Does Not Necessarily Have To Support the Government's Entire Policy Statement"]

[FBIS Translated Excerpt] [Zajicova] Will you negotiate now with the Czech Social Democratic Party [CSSD] on the government's policy statement?

[Kalvoda] A situation in which the opposition would like the government's policy statement, would identify with it, and would support its entire contents seems impossible to me. Of course, political talks will be held, but I declare candidly that they will not be held for the purpose of reviewing or supervising the government's statement by an opposition party. The Civic Democratic Alliance [ODA] thinks it is necessary for the Social Democrats to announce publicly the conditions of their support for the governing coalition. This does not necessarily mean that they have to support the government's entire statement, and let me add that they cannot support it. [passage omitted]

[Zajicova] Why, at the final meeting of the coalition troika, did ODA change its view on the jurisdiction of the minister without portfolio?

[Kalvoda] We did not change our view and we did not back down; we did not even have an opportunity to express our opinion. Of course, we felt that an ODA minister without a traditional department has to be a minister whose work is meaningful and has a certain content. We mentioned the chairmanship of the working subcommittee for European integration as the first of these options. This met with such stiff resistance that it led to the suspension of the coalition talks by the Civic Democratic Party [ODS]. This, frankly, surprised me, mainly because it was not possible to discuss the other options. This was only possible a day later.

[Zajicova] How did you persuade the prime minister to give up the secret services?

[Kalvoda] I think how he was persuaded to change his mind is a question for Mr. Klaus. No one at all had carried out effectively the government's task of supervising and coordinating the intelligence services. What is happening now is very significant because this government is aware of its legal obligation and will exercise its legal jurisdiction through the minister appointed for this purpose.

[Zajicova] So the situation will now improve?

[Kalvoda] It will improve in the sense that the coordinating function will begin to operate. I am not saying that the standard or functioning of the intelligence services will improve with this act. This is a long-term process, and whoever takes charge of it will not have a rewarding role. But the situation will improve in the sense that the government will deal with this matter and take care of it through a specific person with certain jurisdiction in a ministerial function.

[Zajicova] Do you think, for example, that the work of the Security Information Service [BIS] would improve if it were headed by someone other than Stanislav Devaty?

[Kalvoda] We are convinced that the situation concerning the linkage, coordination, and supervision of all of the intelligence services, not only BIS, has to be changed. It does not seem appropriate to me to talk about personnel issues at the moment, not from a particular point of view, but because they are less important than the systemic issues I have mentioned.

[Zajicova] According to our information, the coalition has already discussed a change in the post of BIS chief.

[Kalvoda] Closer to the truth would be: We discussed discussing it. [passage omitted]

[Zajicova] What is your view of the fact that during the coalition talks the People's Party proposed a majority for the ODS?

[Kalvoda] Now, I view this rather with a smile. I thought on the day they proposed it that one of the basic conditions for the stability of the government, whose formation we were discussing, was under threat. And that condition is no dominance by one of the political parties. I disagreed with this.

[Zajicova] You are to be the justice minister. It has been reported in the press that some staff do not want you. How will you deal with this?

[Kalvoda] You think that whenever a person in a state post ascertains that certain people are not satisfied with him that he should somehow deal with this? That he should somehow deal with the existence or the placement of these people? I do not think so.

[Zajicova] Either way, what do you think?

[Kalvoda] Naturally, I think that civil servants should not adopt political stances publicly. On the other hand, civil servants can rightly criticize us politicians for having promised them for years a basic legal statute—a law on the civil service. No, I have no political conviction of the type that would enable me to get rid of anyone who is not happy with me.

Czech Republic: Social Democrats 'Intend To Support' Cabinet

AU0507095496 Prague MLADA FRONTA DNES in Czech 4 Jul 96 pp 1-2

[Article by Sabina Slonkova and Jiri Kubik: "Zeman's CSSD Has Made It Clear That It Will Support the Government"]

[FBIS Translated Text] Prague—Yesterday, for the first time, the Social Democrats made it clear that they are willing to support the minority government of the current coalition, even if the Cabinet's program contains points with which the Czech Social Democratic Party [CSSD] disagrees.

The contents of the policy statement were the last open dispute between the coalition and the strongest opposition party on which the right-wing government led by Vaclav Klaus could have collapsed just after its appointment.

It is apparent from information from Lidovy Dum [CSSD headquarters] that the Social Democrats intend to support the new Cabinet but will distance themselves publicly from those passages of its program with which they strongly disagree. In particular, these involve targeted social allowances and financial contributions by patients.

"This is a highly probable hypothesis for how we will behave. No one wants to cause a crisis now that would lead to the formation of a new cabinet," said CSSD spokesman Jiri Kanturek. "On the other hand, of course, a situation in which the coalition would put what it wants in the program and our deputies would then support it in parliament without the CSSD expressing its views on it publicly is not possible," added Kanturek.

The representatives of the coalition parties confirmed yesterday that they intend to include in the new Cabinet's policy statement those points with which the Social Democrats disagree. While Milos Zeman will, in all probability, have to come to terms with financial contributions by patients and targeted social allowances because they will quite certainly be in the policy statement, the issue of university fees will be referred to in the document very carefully. That is, the coalition parties themselves are not unanimous on which students should contribute to their studies.

"My view is that there be a sentence in the program that the government will promote increasing the economic motivation and responsibility of students for their studies. This could also mean that fees will be charged for repeat examinations," said Ivan Pilip, Civic Democratic Party deputy chairman and the candidate for the post of education minister, yesterday. At the same time, however, he conceded that, if parliament were not to support fees in the future, it would not be a tragedy. "If fees were not passed, I do not think it would weaken transformation and the political system," added Pilip.

The coalition parties, according to the unofficial statements by their representatives, are relying on Zeman not to let the new government fall right at the beginning and on Klaus's Cabinet eventually making it in parliament.

"I have the impression from Zeman's behavior that he is almost asking us not to make his life complicated and not to write the contentious points into the program too firmly. He would then face a major dilemma about what to do because it is also clear to him that he needs the government," said a senior coalition official.

The strongest opposition party has, in essence, only two possibilities for facilitating the existence of a right-wing government without antagonizing or losing its voters. Either its deputies raise their hands publicly in favor of the Cabinet's program and, at the same time, declare their reservations about it, or simply not take part in the vote at all. Thus, the coalition would have a majority—which, otherwise, it does not have with its 99 deputies in the 200-member Chamber—among the deputies present during the vote.

The coalition troika has still not decided whether it will give Zeman the text of the policy statement before Klaus reads it to the Chamber. However, Milos Zeman has described this as one of the conditions of his party's support for the minority government. The most likely option seems to be that the representatives of all three coalition parties will discuss it with Zeman just before Klaus's address on the program.

"I do not rule out the possibility that they will meet at a less official level and that the coalition will tell the Social Democrats what to expect in the policy statement," said one of Klaus's colleagues.

The Civic Democratic Alliance's spokesman, David Rozanek, also confirmed this statement indirectly. "We think that, during the approval of the government, the CSSD should outline the points that are unacceptable to it and thus declare which passages of the government's program it disagrees with. I believe that this will be discussed next week, and maybe with Zeman," said Rozanek.

Slovakia: Hillary Clinton, President Kovac Discuss Democracy*LD0607131296 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1200 GMT 6 Jul 96*

[FBIS Translated Excerpt] Hillary Clinton, the wife of the U.S. President, who is on a one-day visit to Slovakia, met with President Michal Kovac in Primacialny Palace this morning. The main theme of their talks was issues of democracy. Hillary Clinton assured our president that her current visit is proof that the United States has an interest in supporting the democratic process in Slovakia in the interests of strengthening the ties between the two countries. [passage omitted]

Slovakia: Meciar Views Domestic, Foreign Policy Issue*AU0507135296 Bratislava PRAVDA in Slovak
4 Jul 96 pp 1, 4-5*

[Interview with Slovak Prime Minister Vladimir Meciar by Pavol Minarik, Nora Sliskova, and Jan Skoda, in Bratislava on 3 July: "We Cannot Be Abstract"]

[FBIS Translated Text] Prime Minister Vladimir Meciar received PRAVDA editors in Bratislava on Wednesday and granted us an in-depth interview on the present situation in Slovakia. He replied to questions concerning the international position of the Slovak Republic, spoke about our country's efforts to become integrated in European security and political structures, but also about a whole range of other questions and problems. We publish the interview in full.

[PRAVDA] How do you feel, what is your state of health? A photograph was recently published in our press showing you holding Miss Olympia Cory Everson in your arms. Was she not too heavy for you?

[Meciar] Subjectively I feel fine. I am getting back into shape and am looking forward to new work obligations. I was a little bit sad when I read a number of untruths and lies regarding my state of health. I hope that it is all behind us. As for Cory Everson, I cannot say that she was light-weight. I must stress, however, that she was very pleasant and amiable. I am not saying that just because of her looks, but also her conduct, intelligence, and scope of knowledge. She is an interesting woman.

[PRAVDA] At what stage in its development does Slovakia find itself at present, in your opinion?

[Meciar] The changes of 1989 gave rise to a transformation movement, in which a new type of society is being built. Today we are in this process before the completion of building the structure of the state, the legal system, the system of economic relations, and the building of the social system. Those internal aspects are supported,

moreover, by European trends toward integration. At present we are looking for ways of linking the Slovak Republic with the other European structures, which determines and influences our process and requires a certain degree of compatibility. This is the situation, in which the Slovak Republic is today, and the questions to which it must find its own answers. We never denied the general principles of transformation but, to a certain degree, we have been looking for our own path, our own method of adapting to our internal conditions.

[PRAVDA] What should Slovakia be like over the next five years?

[Meciar] It should be a society that, while internally differentiated, will be united in pursuit of the fundamental interests of the state. The dynamization [dynamizacia] of society will mean the building of new relations, which will not develop always according to the structures of industrial production, but also postindustrial production [sentence as published]. This means that the economy will be internally restructured again and will focus more than heretofore on services. The movement of people from industry to services will continue. This will require, among other things, a higher level of education than we have today. Slovakia's infrastructure in its linkup with the surrounding world will be nearly completed and, whether we want it or not, our future will be determined by our ability to assimilate the latest in science and technology. Alas, on this issue I am not a great optimist. A meeting organized between entrepreneurs and representatives of science ended disastrously. Science had nothing to offer. We are therefore facing the practical problem of how to draft the program for a modern, dynamic society and how to change its structure so that, in some fields, we will be world class, in some very good, and in some below average. This is a task for the next five years. It is a matter of the ability to manage society politically, but also of the ability of scientific and economic resources to find common language. Pasteur was not great by being a great scientist but because, as a scientist, he gave replies to questions. He was not abstract.

[PRAVDA] You are now heading the Slovak cabinet for the third time, how would you characterize those three periods?

[Meciar] The first government was, in fact, a struggle for transformation and its methods. It was an attempt to find political transformation in relation to Slovakia. Political processes in Slovakia were taking a far more liberal course than in the Czech Republic. The period of the first cabinet was also one of an attempt at a certain [Czech-Slovak] settlement, but also one of rejection of the shock therapy in Slovakia. In the struggle of views

and interests, regarding the arms industry, for example, and the like, the then government ended in failure because it lost support in both federal and republican bodies. I have not spoken about this yet but, in 1992, the offer was made to me, still before the elections, to become [federal] prime minister. The offer, at the price of certain corrections, came from the same circles that later dismissed me. In other words, the crucial issue for me was not being or not being the prime minister, but being or not being able to implement the program that I professed. The government of 1992-94 was again different, the social situation was different. Basically, we entered into a disintegrating federation and were creating a new state. The creation of a new state is an opportunity and challenge for generations. We had one year to solve it. To build the state meant not only to build the structures of the state, but also the economic system, financial relations, administration, and to train people. This process is still waiting to be completed, but Slovakia has been very successful in coming to terms with it. Of course, we exhausted ourselves by putting into this struggle the entire party structure and everything that the HZDS had at its disposal then and, in March 1994, we lost support and the government was replaced. However, it was not the support of citizens that we lost, but the support of a part of deputies.

The present government is entering a period, in which the state is confirmed politically, but in which it must confirm its sovereignty economically. It must create its own economic and social structure. It must link its external economic, political, and security relations with the process of Pan-European integration. All three governments that I headed were marked by a high productivity of labor and internal political struggle for changes.

[PRAVDA] Has the time not come for a nationwide consensus concerning the further development of the country?

[Meciar] Speaking about unity of the type that distinguished the former National Front is not meaningful. But when you speak about unification, it means, first and foremost, acceptance of the basic needs of the nation and the state in which we live and mutual respect for these interests everywhere. The time for this became ripe a long time ago. The Slovaks have ripened politically, as a nation. The state is politically accepted. But unification for those basic interests of the state has not occurred yet. Polarization of society is a phenomenon that never leads to peace. Of course, if Slovakia is to unite, we are looking at the historical experience of unification elsewhere. Let us take the example of the United States. For the United States to be able to unite, first there was a war of the North against the South.

In France guillotines were lopping off people's heads for national unity to come about. Many examples from history show the presence of violence in the shaping of unity. When you look at the fifties in our country, there were prisons and concentration camps to liquidate ideological foes. We are standing today before a different type of unity—first, a unity forged peacefully and democratically and, second, a unity for basic interests of the state. For the time being, the interpretations of basic interests of the state vary, but the process is under way. There has been a shift in the population's awareness, but because we want to achieve this goal peacefully and without violence, it will be accompanied by relatively long-lasting clashes of opinions and clashes of interests between the exponents of those opinions. However, in a civic society this need not represent a negative movement. Politics is looking for an answer to this, theory is different.

[PRAVDA] You have managed to overcome the coalition crisis between the HZDS, the Slovak National Party [SNS], and the Association of Workers of Slovakia [ZRS]. What are the lessons from this crisis?

[Meciar] The present coalition is a product of the election results, of the refusal of many political entities after the elections to cooperate, and of their inability to bear responsibility in the government. Since this coalition was formed, the question must be asked whether it is possible to form a majority government without it. If the Christian Democratic Movement [KDH] and the Democratic Union [DU] were to form a government with the support of the ethnic Hungarian parties, they would have 50 votes in parliament. This is less than the HZDS parliamentary club commands alone. There is no other alternative to this government. It was also for this reason that certain concessions were made in the coalition talks. They were motivated by the endeavor to retain majority in parliament and to make sure that laws can be passed. As for the coalition, we had to analyze why it happened that some of its political leaders started cooperating with the opposition, which would have created dual rule. Our coalition partners would have been in the National Property Fund [FNM] together with the opposition and in the government together with us. This was the biggest risk for these parties, not for us. If we were to give a reply to this question, we had to analyze the causes. There were a number of them: breakdown of communication as a result of internal differences between political entities and of my illness, and different opinions on privatization. However, there was not any conflict in the government and parliament. Quite the contrary, the government, by its unity, was a stabilizing element. Setting right these mechanisms will require guarantees, also from the HZDS, that the coalition part-

ners will not do this to us another time. But from us it will also require a more sensitive approach and listening to their internal needs and the ideas of their members and voters, which are not always identical with the government program.

[PRAVDA] The HZDS was seriously contemplating going over to a minority government. You were promised support from the SDL, which has very good hinterland [zazemie] abroad. Why did you opt for return to the old-new coalition?

[Meciar] The SDL offered to us support in case we form a minority government and it said that we would be able to lead this government until October 1998 [the next parliamentary elections]. By taking this step, the SDL stopped being a mere political party and its functionaries extricated themselves from narrow party interests. They gave backing to the interest of the state, to which they gave priority. So far, this has not been done by anyone in the history of political parties in Slovakia, except for us. This is a new and positive element in the opposition. We were seriously considering this alternative. We proposed to the SDL an open coalition, which is different from support for a minority government. But the SDL went beyond that. It demanded that we sever ties with the ZRS and the SNS, although there was no doubt that at least parts of those two parties continued to support us and we did not want to give up this support. The SDL wanted that we modify the government program for it to conform with its own program principles. That is, the HZDS would have to carry out a programmatic correction of its activity to adapt to the SDL's demands, which is possible, but not in a way that we would lose our own identity. After all, there is a certain difference between us. The third factor that influenced our decision dwells in the SDL itself. There is a group of people in the SDL that became arrested in their development in March 1994 [when the SDL supported a motion to pass a vote of no-confidence in Meciar], on anti-HZDS and anti-Meciar positions. We see that a great internal party struggle is under way inside the SDL.

Against the background of the theory of elites, some kind of an analogy of Gal's group [Fedor Gal, leader of the Public Against Violence movement in 1990-91] is emerging, a group detached from the others, which is convinced that, as an elite, it has the right to lead this party, that it is the party's brain and that it personifies the party, in fact. Such an attitude is never good. Inside the SDL, there is also a struggle between the limits of monetarism, liberalism, and left-wing values, a struggle that is not yet over. We see that the formation of the Common Choice [SDL-led coalition comprising also the Social Democratic Party of Slovakia, the Green Party,

and the Farmers Movement] and the SDL's position formulated at its congress lead to a great differentiation.

After all, the SDL said that it would contest the next elections on its own. Its other partners within the Common Choice must now seek the confirmation of their identity, which they do not find fully in the Common Choice parliamentary club, and their five deputies are therefore exploring other solutions. When analyzing the question of possible SDL support, we were also considering the possibility of finding ourselves in a minority again, because of the unwillingness of everyone in the SDL to support such a government agreement. A period of 26 months is at stake, 18 of which are critical. It will be necessary to approve two budgets, one closing account, and several laws concerning the democratization of society. The other legislation can be approved on the basis of broad agreement. Taking into account all the positive trends that we see in the SDL, we will continue to negotiate with them. We propose very specific gradual agreements that will help eliminate certain prejudices lingering between members or functionaries of the two parties.

[PRAVDA] While speaking about the crisis among the government parties, it is necessary to mention your words about the coalition not being functional. Within a single week, everything suddenly changed. How is the public supposed to understand those conflicting statements?

[Meciar] At the beginning of the current meeting of parliament, the HZDS really found itself in minority. The ZRS and the SNS were voting with the opposition and an agenda had even been prepared, under which HZDS representatives were to leave FNM bodies. This ran counter to coalition agreements and, during talks, mutual agreements were actually orally canceled. We did not come to any agreement. The statement about the coalition not being functional was therefore justified and factually correct. Of course, the situation that arose did not have the political approval of all entities involved. It was at the level of the narrow party leaderships and lobbies. We were simply looking for functional links, especially with the SDL, in the event of the coalition being terminated. But we were exploring possible limits of understanding and support with other entities as well. We did not find them anywhere, with the exception of the SDL. After party bodies instructed the party chiefs to return to the coalition, we sat down again and asked whether there is another alternative. It turned out that, right now, there is none. It is necessary to continue cooperation, but with the new awareness that it can happen that, in the evening, we part company in agreement and, the next morning, we can meet again in disagreement. This has already happened and this

experience has, in a certain way, negatively affected everyone participating in this process.

[PRAVDA] But you spoke about Jan Slota and Stefan Gavornik being absolutely unacceptable.

[Meciar] At the negotiating table we told one another everything that needed to be said, everything else is the internal matter of those parties.

[PRAVDA] Crises among our political leaders break out periodically, without the political elites being pressured by their own voters to change their stands. What are the causes?

[Meciar] The political scene is ripening at a much slower pace than other spheres of life. Politics is trailing behind, political entities are slowing down social development, they are becoming an obstacle of sorts. The political elites are therefore trying to react and, while doing so, they are simultaneously trying to gain status and win voters. When we take a look at how they are doing it, we see that the Christian Democrats have banked on two factors. One of them is the use of intelligence activities and the transfer of intelligence methods into the making of politics. They are endowed with personnel for this—Langos [former federal interior minister], Pittner [former Slovak interior minister], Palko [former deputy director of the Federal Security and Information Service]. This is the basic domain of one of the methods of their policy—arousing fear and the idea of the blue revolution as a possible future scenario. On the other hand, in relation to the church, we see that they are shifting our idea of the state as one that is based on Christian values to the idea of a clericalist state, which is not our idea. In this way they are damaging the church itself. It is precisely the consequence of these methods that puts them in the position of tough antagonism. The KDH is not a party with which we can have a common path, a party with which we can come to an agreement. Recently the KDH has been focusing on how to go about it to keep Michal Kovac in the presidential post for another term. The DU is in a different position. They were leaving us as social democrats and went on to establish a party where, overnight, they declared themselves to be liberals. Excuse me, but Knazko and Budaj will never be liberals. When we take into consideration the fact that they are not a group with a clear profile, that their structure is not being developed further, and that their policy is again based on the antagonism of those who left us but did not get anywhere, we see again that agreement with them is difficult. We proposed talks but they did not end too positively. They gave us ultimatums, on the fulfillment of which they made further talks with us conditional. The Hungarian parties,

which have until now tended to orient themselves toward narrow national interests, are ceasing to be an acceptable partner for everyone. We do accept them in the economic and social spheres. But we do not have a common political program as theirs is not connected with the state, but with ethnic exclusiveness. We, on the other hand, want harmonization and cooperation. When you look at another dimension in parliament, namely that its 150 deputies come from 17 political parties, you will realize that establishing communication and reaching agreement involve much work. Here is the Slovak Republic's problem—in the method of making politics, in personalities, in the crisis of management to find people with a positive program who would gain trust. When you take the structure of the state—it is democratic. And so is the legal system. Yet the manner in which persons conduct themselves in this system bears out a low level of political culture. That is our sin and offense and we have to pay the price for it.

[PRAVDA] But it is you personally who is being reproached for a confrontational style of politics. Could you react to this criticism?

[Meciar] Of course. Have I ever violated the principles and tenets of democracy? Have I ever gotten into the government by other than democratic means? No. Have I violated the programmatic principles that I presented before voters? Have I violated the legal order of this state? No. During my government's entire term of office, only two people have been prosecuted on political charges—Lexa and myself. I am now being prosecuted. As for the idea of the opposition parties that we could be good and that we could govern if it were not for that Meciar, they are personifying their own incompetence. Our method of politics is based on cooperation. The HZDS gave such wide scope to cooperation that in 1994 we even said—be in the government without us. They were not able and willing to do that. As for the program I represent and the Movement I lead, I have to defend this program. When acute political conflicts arise, the chairman must be the first to step in. This is why he is at the head of the Movement, to solve such situations. I will phrase the question differently. Where are those who claim that they are better? And where are those who left [the HZDS]? What is their further fate? I do not see the fault in myself. Personification makes demons out of real personalities and supplants real analysis. If parties with smaller support from the population than my electoral preferences deny me the right to politics, why should those who have 5 percent support have this right and not I with 30 percent support? [sentence as published]

[PRAVDA] However, in a democracy it is important to listen to the voice of the minority. It should participate

in the control of power. You have again postponed these steps, although two years have already elapsed since the elections.

[Meciar] Regarding participation in control. First, representatives of the opposition are in all National Council of the Slovak Republic [NRSR] committees. They are in all NRSR bodies, including OKO [Special Supervisory Body overseeing the secret service]. For a year and a half, we have been calling for a representative of the opposition to join OKO and now we have given support to him. As for the Slovak Television and Slovak Radio Councils, these are independent institutions. They are filled with independent people without political jerseys. If another attempt is now being made to politicize these councils, we say that there will not be any party-orchestrated purges. The term of office of some of their members will expire in the fall, so let us now negotiate which other independent personalities will replace them. These institutions must not get under the control of parties. He who will come to an agreement with us will receive our support, he who will not cannot expect us automatically to vote for his proposals. This process will take place in the fall following broader political agreements. As far as the FNM is concerned, I do not think that political representation based on the proportional principle is possible there because there are 17 political parties in parliament, which is more than the number of functions in the FNM [Presidium and Executive Committee]. Politicization would destroy the Fund. Each party would have a different interest and these interests cannot be brought into harmony. Moreover, our privatization programs are antagonistic. The HZDS bases its privatization program on the creation of a dominant domestic entrepreneurial layer, opposition parties on foreign capital entry. This is mutually contradictory. As far as control of the FNM is concerned, nothing stands in the way of it being carried out. But this control must encompass everything, from the time of the Fund's establishment. In that case some people who privatized under the KDH perhaps would not have to stay abroad so long to be out of reach of the criminal prosecution bodies. At any rate, citizens are being informed about privatization projects. Privatization has not been unsuccessful economically or socially. It is accompanied by political suspicions that it is being done for supporters, but, if all employees of a company are participants in privatization, then all citizens benefit. The degree of redistribution within society is such that while, initially, the path of privatization that we proposed used to be called in question abroad and at home, foreign experts are now beginning to acknowledge that it is functional. They call it Meciar's never-ending but effective privatization.

[PRAVDA] Let us return to your quick reconciliation with the SNS and ZRS. Is this not just the HZDS's tactics to enforce its political goals and, once this is accomplished, to get rid of the coalition partners? We are thinking, specifically, of the change in the electoral system.

[Meciar] That would be a very shortsighted policy because we would again be punished for it. We agreed that that law on changing the electoral system would not be submitted this or next year. We will be working on it, but we will not submit it to parliament. Of course, the legislation on changing the electoral system will have to encompass, at the very least, an amendment to the law on elections to community and municipal councils and on the elections of mayors, a new law regulating elections to regional self-administration bodies, and an amendment, at the very least, of the existing law on elections to the NRSR. This is the minimum on which the coalition can agree. A change in the electoral system requires the agreement of everyone and our coalition partners fear that, ultimately, this system could be directed against them, as parties commanding smaller support.

[PRAVDA] I am proceeding from HZDS Deputy Chairwoman Keltosova's words that the HZDS must implement its policy so as not to require any coalition partners after the next elections.

[Meciar] The HZDS is a people's party. It operates on the entire territory of Slovakia, has the support of more than one-third of the population, and has a stable voters base that has not declined after the elections, but is growing. We are the only party capable of appealing to all groups and operating on the entire territory. This also determines our idea of electoral success—to stabilize the domestic political situation by achieving the absolute majority of deputies in parliament. Our permanent endeavor will be to have the majority of deputies, just as the opposition will be permanently striving to prevent us from having this majority. The difference is that, while we can act alone, the opposition can act against us only as a bloc.

[PRAVDA] Does this imply that you will not seek to change the electoral system until the next elections?

[Meciar] Regarding the change in the electoral system, there will be a discussion about it, but the change arouses fear in everyone. If a majority system is created, in which only he is elected in a given constituency who gains the greatest trust of the population, the system changes in such a way that everything gets under the voter's control and the voter decides. If an electoral system of proportional representation is created, under which 75 mandates are distributed in the above manner

and the other 75 on the basis of party membership, which is the German system, the chances change again. If a system of selection in two rounds is created, such as in France, it is a system of individual participation in the first round and creation of expedient coalitions in the second round. In each of the above cases, elements of stability are brought into parliament. The method of changing the electoral system will depend on the will of deputies. Today we do not have a majority and the majority of deputies do not support this system. They fear that the HZDS would then dominate and that it would command a constitutional majority. I do not think, however, that this would be the worst alternative for Slovakia.

[PRAVDA] In a recent interview for the daily DIE PRESSE, the Austrian defense minister said that, at a meeting with his U.S. counterpart William Perry, the information was imparted to him that the decision on NATO's expansion has been made and that Slovakia is not featured in the group of the four countries concerned. I heard similar information also in Florence, from a Brussels-based diplomat. How do you respond to such reports?

[Meciar] These reports exist and they are not coming just from this source. However, our diplomatic sources are not identical with those media reports. Right at the time of its establishment, the Slovak Republic demonstrated its orientation. It clearly demonstrated this orientation also in the government policy statement and it is meeting all the commitments and duties it has assumed in this regard. Our government cannot be reproached for not honoring those commitments. If there are any doubts, it is as a consequence of domestic political developments. When we analyze again the sources of those doubts, we see that these sources are, on the one hand, the way they see us, but, on the other, also the way we ourselves behave outwardly, a way that is irrational and not accepted by other parties. When each our internal problem assumes an international dimension, when every step with a criminal background immediately assumes a political intention and comes to be seen as confirming fascistic tendencies in Slovakia, we ourselves create negative reports and send out negative signals about ourselves. This is often perceived as part and parcel of opposition policy, which is extremely treacherous because, regardless of the composition of any new government, the state as such and its domestic political situation are being called in question. Should the personnel composition of the government change, the new opposition will pay it back to the other side. From the viewpoint of Slovakia's acceptance, we have to consider several facts. Whether anyone denies it or not, geopolitical

interests exist and will make themselves felt in one way or another. Slovakia expects to be accepted. Slovakia does not cast doubt on its development and expects this development to be accepted by others. This development is influenced by the belated establishment of the state and its institutions, by the slower development of political entities than in the surrounding states, and by the lower level of refinement [kultura] of people who never before acted on behalf of the state. Those are our only sins. Either it will be understood that there is this development, which will eventually be overcome, or we will not be accepted. Responsibility for the present state of affairs is borne by everyone: The coalition and the opposition, the government and the president. Everyone.

[PRAVDA] Should these unofficial reports be confirmed in December, when the decision on NATO's enlargement is to be made, will you consider it your personal defeat? Would it, for example, be a reason for you to tender resignation as prime minister?

[Meciar] Politics is made inside the state and admission into NATO is not only a question of external acceptance, but also of internal acceptance by the population. Should we be admitted into NATO, a referendum would have to be held on the conditions of NATO admission. Should the decision be made to expand NATO without Slovakia—which, for the time being, we personally do not consider to be a matter that would be in our interest, and we are taking measures to prevent it from happening—instructed by this experience, we will carry on the efforts to become a member of NATO. The process of establishing the security system will not end in December 1996, but will continue. In keeping with the policy aims of the government, we will seek membership at a later stage. Our participation in the Partnership for Peace will not end. In other words, there is no catastrophic scenario. We believe that the government should bear its due share of responsibility, but so should also all other persons. It will not be just the government's lack of success, but the whole state's lack of success.

[PRAVDA] In the event of Slovakia's nonadmission into NATO, what security guarantees would you be looking for, and from which partners?

[Meciar] We are a member of the Partnership for Peace and we honor the commitments arising from this. NATO is not an aggressive organization and does not threaten anyone. Slovakia does not feel threatened by anyone today. We do not doubt that Slovakia has its place in the development of a uniform cooperative or integrated system of security and that it will find this place. In that case we do not want to rely on anyone, that is, on any particular state, against anyone. We are looking for a

system of relations guaranteeing certainties for us, for everyone.

[PRAVDA] We are isolated in these efforts, however. We lack a strategic partner, such as the Czech Republic, for example, has found in Poland.

[Meciar] We are not without support, and we are not without interest either. What is being expected of us are positive signals. Unfortunately, the intensity of positive signals is still weak in the public. Some public pronouncements by the president of this state are causing us problems. For example, during a recent meeting with a certain important personality he was asking for Western help. For whom, and why? Certain problems are caused by the pronouncements of the so-called irreconcilable opposition that there is no democracy here, but tyranny. With such signals, no one is going to convince us that we are a democratic state. They will more likely say: Settle it among yourselves. After 1994, domestic political struggle was transferred to international relations, which is today damaging for everyone. From the viewpoint of further prospects, it is necessary to tone down internal differences and, if someone sets great store by integration, he must prove this today by his specific conduct in a specific situation. Therein lies the difference between the opposition and the government coalition. It is necessary to tone down those activities of the president that are not in conformity with the policy of the government and parliament. A positive signal can trigger positive reactions. The absence of such a signal triggers doubts. No one needs as a member of NATO a state that wants to stage blue revolutions. There is no place there for a state that is not consolidated.

[PRAVDA] I will return to the deadline that is pressuring all of us: We have half a year ahead of us. We know that our Western partners expect from us changes in our political system. How do you personally intend to use those six months?

[Meciar] As regards our initiatives, I do not think that Slovakia is without a chance, that it is isolated. I do not think that there is no interest in Slovakia. Quite the contrary, everyone tells us: Settle your internal matters, we are not telling you how. But everyone has in mind an internal solution within the state. In 1994 we offered an alternative solution and in 1996 we repeated that offer, but the other environment is not capable of accepting any political alternatives. So what can we do?

[PRAVDA] Do you want to claim that the opposition is not prepared for changes in the composition of parliamentary control bodies, and the like?

[Meciar] In what can the composition of the control bodies in parliament be changed when the opposition

is in all the committees, in one it has a dominant position, but its proportional representation is accepted? [question as published] Speaking about OKO, we are not interested in intelligence services working in the KDH's surrounding linking up, through OKO, with an official state structure. Pittner is a person that represents for us such a risk. The same is true of others working there. This is why we cannot support them. They were in the intelligence services before, they had them in their hands in the years 1993-94, and we see how it all ended. As regards the Hungarian Coalition parties, they nominated Bela Bugar into OKO. But this is the same Bugar who, as member of the NRSR Defense and Security Affairs Committee, was conducting an inspection of the patrols guarding military facilities, which is a forbidden activity. He could have been shot doing that. He was conducting this inspection in a manner that is not authorized by law and that bordered on intelligence activity. Consider further that Mr. Duray, deputy of the Hungarian Coexistence Movement, himself owns up to contacts with foreign intelligence services and makes references to their statements. And send him now into OKO! We told the [opposition] parties: Give us persons who will not be compromised by intelligence services, give us faces we can trust. In spite of this, we see that the DU is again exploring ways of involving [Igor] Cibula [former chief of counterintelligence] in intelligence activity. We say with all due responsibility that people who failed cannot be assigned to posts charged with overseeing the intelligence service.

[PRAVDA] These questions are, essentially, connected also with the contents of the EU's demarches. They have been discussed at great length, which is why I would only like to recall your statement on the radio when you said, with regard to the latest political crisis, that the regime installed in November 1994 was rigid, that is, unnaturally strict. Do you think, in retrospect, that the objections contained in the EU's demarches were justified?

[Meciar] The proportional system existed in Slovakia from our victory in the 1992 elections until our fall in 1994. Since then, we have had a majority system in Slovakia, which is not undemocratic. The transition to the majority system in parliament has its pluses and minuses, it has its advantages and disadvantages. It can be abandoned where, in spite of party interests, there is cooperation in the interest of the state. This is why we say that, when the majority system was created in November 1994, it was not directed against the opposition parties, but was to remain in place only until a change occurs in these parties' cooperation and standard of culture. Today, after the SDL sent out the signal of a different political culture, we are in favor of

the SDL joining the structures, in the representation on which it is interested. Not because it is an opposition party—other parties are in the opposition as well—but only because it has a different culture of political conduct and is able to place the interest of the state above the interest of the party. This is a political element that we have not registered among the other parties. Permanent confrontation and threatening with jail, liquidation, and intimidation cannot serve as a basis for cooperation. This is why this system will be relaxed according to the growth of this cooperation.

[PRAVDA] Our interview is taking place on the day of the second round of presidential elections in Russia. Although we cannot know how the elections will turn out, it is almost being taken for granted that, after the elections, Viktor Chernomyrdin will leave the post of Russian prime minister. It is known that your personal relations with him are very good. How could Chernomyrdin's possible departure reflect on future Slovak-Russian relations?

[Meciar] Prime Minister Chernomyrdin is, and will remain, one of the key figures of Russian political life. Speculations about whether he will or will not be prime minister are premature and irrational. It is necessary to wait how the postelection situation will evolve. Viktor Chernomyrdin is the representative of a large political bloc, the strength of which keeps growing. The influence of his movement Russia Is Our Home, which is akin to our Movement, on the fate of democracy will be crucial for developments in Russia in the period to come. [PRAVDA] In other words, you are not afraid that either Yeltsin's or Zyuganov's victory might reflect on Slovak-Russian relations?

[Meciar] I do not doubt and declare, as I have always done, that we will welcome the success of democratic forces in Russia. I do not doubt that, even if Zyuganov were to win, the communist program alternative will in reality disappear. Had this program been good, [the events of] the years 1989 and 1990 would have never come. This program collapsed from within by exhausting its resources and potentials. This must not be forgotten. As regards questions of the development of Russian society, everything taking place on a small scale here is taking place also there, only somewhat more slowly than in our country. Therefore, I would not look at Russia as some kind of a demon. Russia is part of the European culture and civilization. It also needs to be said that 80 percent of Russian exports of energy resources to the West go across Slovakia and the Russians are naturally interested in this trade continuing undisrupted. It has never happened to me in any talks—and I stress, any—that the Russians would be setting me some political conditions. They have never

interfered in any way in internal developments in the Slovak Republic. Not even by remarks. I can confirm this as a direct participant in these talks.

[PRAVDA] In an interview for our daily, Werner Hoyer, the German state minister of foreign affairs, appreciated Slovak President Kovac's visit to Budapest. In spite of this, Kovac's trip has been uncompromisingly criticized by Slovak Minister of Foreign Affairs Juraj Schenk. Is this difference of opinion not to the detriment of Slovakia's image abroad?

[Meciar] Several aspects are involved here. The assessment of Michal Kovac by the government, parliament, and the government coalition is negative. We criticize him in areas where he exceeds the presidential powers. We criticize him where his methods are leaning toward monarchism or a certain mafia-like behavior [mafianstvo]. These elements are permanently present in his activity and this is what gives rise to aversion toward his person, not toward the post of president itself. Wherein lay the significance of this visit? It was the very first invitation that President Kovac received for a foreign trip. In this foreign trip, he did not cooperate at all with the government. The Ministry of Foreign Affairs would have been able to prepare for him ranges of issues that it would have been meaningful to raise. But, even from this visit, there is no feedback for the government.

Why is the Hungarian side, as the only country, preparing a grand reception of the president at a time when he files criminal charges against the prime minister? Why is the whole preparation taking place so that the official structures of the Ministry of Foreign Affairs and the government are excluded from it?

Why does this visit take place precisely at a time that is sensitive for Slovaks and why is it being associated with other than realistic expectations? The structure of basic Slovak-Hungarian relations was never formed along the lines of the presidents, but along the lines of the governments. This structure must not be called in question or disrupted. The president cannot discuss the Gabčíkovo issue with Mr. Horn when he knows nothing about it—about the state of ongoing talks and about other conclusions. Therefore, if this criticism from the outside appeared, it was justified in the sense that we have one minister of foreign affairs and one Ministry of Foreign Affairs. There cannot be two ministries—Demes's [President Kovac's foreign policy adviser] and Schenk's, a Castle ministry and a government ministry. The sooner this state of affairs comes to an end, the better for Slovak policy. I therefore agree with the minister, his criticism was warranted. I even think that it could have been more intensive, also in relation to the Hungarian side, that it was not such

a positive step on the part of Hungarian policy, that we assess it as interference, and as the demonstration of a certain attitude toward internal developments [in Slovakia]. Hungarian politics is sufficiently advanced diplomatically and historically to be able to assess the consequences of such a step.

[PRAVDA] How do you assess the postelection situation in the Czech Republic?

[Meciar] The Czechs have always been people with a high standard of political culture and they have always managed to deal with even domestic political problems in a cultivated fashion. The political scene in the Czech Republic is confronted with the problem of what to be more—representative of the party, or of the state. Because the rational element prevails, the outcome of the elections in the Czech Republic did not surprise us. A situation is emerging in which the Social Democratic Party is entering parliament from the side that has until now been practicing opposition policy to the side that is implementing the policy of the state. The question of the durability of this mechanism is arising, in view of the upcoming Senate and the presidential elections and in view of differences in the perception of, and attitude toward, economic and social policy. In the foreign policy sphere there are no differences. I congratulate Prime Minister Klaus on having become prime minister again. I am sincerely glad and it is a guarantee of good relations for me. I am glad that parties overcame their narrow party interests and gave preference to state interests. If only this were the case also in Slovakia!

Slovakia: Hungarian Deputies Protest Readoption of Bill

AU0507133396 Bratislava NARODNA OBRODA
in Slovak 4 Jul 96 p 2

[TASR report: "The Deputies From the Hungarian Parties Will Turn to the Constitutional Court"]

[FBIS Translated Text] Deputies from the parties in the Hungarian Coalition (MK) have issued a statement ex-

pressing their profound dissatisfaction with the readoption of the law on the territorial and administrative arrangement—which is not in harmony with the Slovak Constitution—without any of the president's comments being accepted.

According to the statement, the aforementioned law does not accept the international documents and does not observe the basic principles of the European Charter on Local Self-Administrations. The ruling coalition has again confirmed that, in order to bolster its power, it is determined to introduce and apply anticonstitutional and undemocratic legislative measures that are at variance with basic human rights and the rights to liberty of the citizens of the Slovak Republic. The law, continues the statement, gives disproportionate authority to the Slovak Government in deciding on the fate of citizens and communities. Furthermore, it does not take into consideration the elementary interests of ethnic Hungarian citizens and ignores the recommendation of the Council of Europe. The adopted law is a dangerous fundamental legal norm and the new electoral law based on it will endanger democratic development and the principles of the law-governed Slovak state. Therefore, the MK deputies have resolved to submit a complaint to the Slovak Constitutional Court concerning the aforementioned law's incompatibility with the Constitution.

Hungary: Troops To Participate in Joint Exercises in 1996

AU0507170196 Budapest NEPSZAVA in Hungarian
4 Jul 96 p 2

[Correspondent's report: "Military Exercises Until the End of This Year"]

[FBIS Translated Text] With parliamentary approval, some 350-400 soldiers of the Hungarian Army will participate in joint military exercises with Romanian, Polish, Dutch, German, Austrian, U.S., French, and Italian troops on 13 occasions in the remaining months of 1996. The expenses of the tasks in the first cycle will be covered by the Hungarian Army, and the expenses of the second cycle will be covered by specially allocated funds.

According to a recent decision of the Hungarian Parliament, special units of the Hungarian Army's artillery, engineering, air force pilot, paratrooper, air-defense missile, reconnaissance, and laboratory departments may participate in 13 military exercises in the remaining months of 1996, by traveling to eight countries and hosting foreign troops in Hungary. According to the plans, the joint exercises will take place in Romania, Poland, The Netherlands, Germany, Austria, the United States, France, Italy, and Hungary.

For example, a tactical air force unit from Kecskemet will carry out a training exercise together with the members of the Dutch Royal Air Force, and a subunit of reconnaissance troops from Szolnok will participate in joint exercises with French paratroopers in Hungary and in France. Colonel Jozsef Biro, deputy head of the Military Main Department of the Hungarian Defense Ministry, told us that the expenses of military exercises that require parliamentary approval will be covered by the army. Jozsef Biro does not regard the expenses as considerable, especially if compared with the cost of training in Hungary, because we are talking here about a small number of troops and programs of three to four days. As an example, he mentioned exercises at the battalion level in Hungary, exercises that cost between 10 and 12 million forints [Ft].

Jozsef Biro thinks that these joint exercises are very important because they contribute to the exchange of experience and the study of training methods. Therefore, despite the army's difficult financial situation, our soldiers should participate in joint military exercises with foreign troops. Nor can we give up participation in international peace partnership events. The cabinet allocated Ft150 million for these programs, and this year this amount has reached almost Ft200 million. Our soldiers will participate in big international programs

on 10 occasions in 1996, programs organized abroad and in Hungary. Some 600 soldiers of 15 nations will participate in the "Cooperative Chance-96" to be organized in Hungary in two weeks' time.

Jozsef Biro told us that the third form of military training is perhaps the most problematic because, given the yearly decreasing funds, young conscripts can only participate in exercises at platoon or company level.

Hungary: Kovacs on Russian Election, NATO Expansion

LD0707223896 Budapest MTV Television Network
in Hungarian 1700 GMT 7 Jul 96

[Interview with Hungarian Foreign Minister Laszlo Kovacs by an unidentified correspondent; piece not given—live]

[FBIS Translated Excerpt] [Correspondent] Mr. Minister, who is leading Russia now?

[Kovacs] Naturally, the president, the elected president. However, we have to reckon with the fact that there are other strong players, too, in the leadership. Obviously, General Aleksandr Lebed and Prime Minister Viktor Chernomyrdin are also strong players. Naturally, the opportunities of the parliament should not be underestimated either. What I consider important is that two of the three people who are in the leadership at present, President Yeltsin and Prime Minister Chernomyrdin, represent continuity. Therefore we can expect that democratic reforms and economic reforms will continue.

What we know about General Lebed is only that as a military leader he was a very determined person but, after all, he is unknown in his future post. The fact that during the election campaign he made certain tough statements—about which Professor Arbatov has just expressed his worries—should not be taken very seriously, because statements made during the election campaign do not always materialize in the same way in practice.

[Correspondent] What kind of implications does this have for the enlargement of NATO? For Lebed has used much stronger phrases than Yeltsin. A short while after the Russian president's election you said that Hungary expected that the Russians would not raise substantial objections to Hungary's admission.

[Kovacs] Looking back to the past six to nine months, we can see that, in seeking compromise, the Russian position has gradually become more flexible regarding the enlargement of NATO. The Russian leaders have obviously recognized the fact that they could not prevent the expansion of NATO, if NATO wanted it.

There have never been concrete objections to Hungary's admission to NATO, obviously because Hungary is a rather small country and has no common borders with Russia. The third factor is that Hungarian foreign policy is treating the matters of NATO's enlargement and Hungary's admission in a civilized manner to ensure that Russia does not feel this as a step which would directly harm its interests.

[Correspondent] If that is the case, how important is Moscow's opinion for Budapest?

[Kovacs] We would not like Hungary's accession to NATO to lead to a deterioration, or tension in Hungarian-Russian relations. It is worth recalling Boris Yeltsin's statement made in March 1995, when Prime Minister Gyula Horn and I visited Moscow. At that time, Yeltsin said precisely that he did not believe that if Hungary once became a NATO member, it would harm Hungarian-Russian relations. There have been no contrary opinions since then. Therefore, it seems that this would not affect Hungarian-Russian relations.

What we consider very important—regarding which there is full agreement between Hungary, the other countries applying for NATO membership and NATO itself—is that the entire enlargement should take place in a way that Russia should not be, or should not feel to be isolated.

[Correspondent] U.S. Secretary of Defense William Perry visited Budapest this week. He said that during the process of NATO enlargement the policy of the individual countries in the region should be shaped in a way that none of the countries falling behind should feel isolated. What does this imply concerning Hungarian-Slovak and Hungarian-Romanian relations in the future?

[Kovacs] We have seen this dilemma from the very beginning. NATO has also seen this, saying that it would not be good if the enlargement drew new demarcation lines, that if Hungary joined NATO before one of its neighbors, it would lead to tension and it would not be good for Hungary either. The Romanian defense minister has also said that if Hungary joined NATO before Romania it would lead to a competition in armament. This is obviously not a realistic danger, since NATO would be the last to encourage something like this and Hungary has no intention to do this either. [passage omitted]

[Correspondent] The Bosnian settlement is under way. Mr. Foreign Minister, when will Hungarian foreign policy have to turn to the Yugoslav region with the intention of concluding a Hungarian-Croat and a Hungarian-Serbian basic treaty?

[Kovacs] There is already a Hungarian-Croat basic treaty and we also have a minority protection agreement with Croatia. We still have to wait for a Hungarian-Serbian—or rather a Hungarian-Yugoslav—basic treaty. For the time being, neither Yugoslavia nor Hungary have initiated this. Many things have to be settled before the basic treaty is put on the agenda. Let us take the fact into consideration that Yugoslavia is not even a member of international organizations, for its membership has been suspended. I think that even for them the most important aim is to be reintegrated into the international community, into international organizations. The signing, or more precisely talks on basic treaties can start only after this. During this process we will try to implement the same principles as we did in the Hungarian-Slovak treaty and are trying to do in the preparation of the Hungarian-Romanian basic treaty. [passage omitted]

[Correspondent] You have met representatives of Hungarian organizations beyond the borders this week. It was a kind of Hungarian-Hungarian summit. A number of critical remarks were said at this meeting concerning the Hungarian government's foreign policy. What is the reason for you not having been able to establish an entirely undisturbed relationship over the past two years?

[Kovacs] This was a trilateral meeting, if this phrase is appropriate here at all. The government and its parties, the opposition parties and parties and organizations of Hungarians beyond the borders were present at this meeting. We did not expect a meeting free of disputes. Naturally, there were debates. This is primarily related to the different situation of the participants. The political manifestations of the representatives of Hungarians beyond the borders cannot be free of emotions. [passage omitted] Naturally, they do not have responsibility for government. The Hungarian opposition does not have governmental responsibility either. They can easily say that the government has more scope in international political life than it thinks. They can—and indeed do—attack the government for not using this opportunity. They both can say that the Hungarian Government should exert pressure on its neighbors.

But the government's responsibility is precisely to assess Hungary's opportunities and the conduct for which it can gain support. We think that what we have done over the past two years served not only the strengthening of Hungary's international reputation, but also the interests of Hungarians living beyond the borders. This has indeed been supported by every important country and international organization important for us in the world.

Hungary: Prime Minister Horn Requests Credit at EU Summit

*LD0807110996 Budapest Kossuth Radio Network
in Hungarian 0445 GMT 8 Jul 96*

[FBIS Translated Excerpt] [Passage omitted] In a speech on the opening day of the economic summit in Salzburg, Prime Minister Gyula Horn said that the great differences in incomes and economic development between East and West could pose a threat to peace in Europe. He urged the formulation of a comprehensive program coordinated by EU member states and countries waiting to be admitted to the Union. Lajos Szelestei interviewed the prime minister.

[Begin recording] [Szelestei] You deviated considerably from the norm in your speech; you criticized the EU.

[Horn] No. That is not what happened. What happened was that I had been asked to list my demands from the EU. I answered this now. Well, in order to maintain political stability in East-Central Europe, and to close the huge gap between the West and East-Central Europe in terms of incomes and development, we both must act. Well, we have started a program of modernization and we will continue it. The West, for its part, must offer certain programs to those states which fulfil the requirements of admission to the EU.

Another issue—and in this respect my view differed from the views expressed by others—is that distinctions must be made between the EU associated member states in any case. For, if we fulfil the EU requirements by implementing the program of modernization and in order to do so we make severe sacrifices and accept

tensions, we must then be given credit for this by the EU as opposed to countries which are not consistent in their implementation of this policy.

This is what I said here and, as far as I know, it was agreed by virtually all the 15 member states. [passage omitted]

[Szelestei] When I said that you had criticized the EU I was referring to the part of your speech in which you said that the EU had had no clear and finalized ideas about its own future.

[Horn] Not about its own future but about the future of East-Central Europe. [passage omitted] In the past when the EU was preparing the admission of a country or a group of countries, the Union had a strategy of support. The EU has no such well-formulated strategy now because the Union is preoccupied with its internal debates and problems concerning the transformation of the organization. They also offer as an explanation for the lack of a ready strategy that they are short of funds and other means. [passage omitted]

[Szelestei] You also warned that the EU should consider seriously which countries are admitted lest the Union imports a security risk through new member states.

[Horn] I said that East-Central Europe could expect admission only if it did not pose a security risk, if the admitted country was not unstable. It is vitally important for Hungary too, to eliminate security risk factors but in order to achieve this we must play a stabilizing role in East-Central Europe. [passage omitted] [end recording]

B-H: Muratovic Says Tudjman Trying To Destabilize Federation*LD0707172296 Belgrade SRNA in Serbo-Croatian 1611 GMT 7 Jul 96*

[FBIS Translated Text] Travnik, 7 Jul (SRNA)—Hasan Muratovic, prime minister of the Muslim government in Sarajevo, has accused Croatian President Franjo Tudjman of "planning and working on the destabilization of Croat-Muslim relations in the Federation."

Muratovic told the Muslim radio in Travnik today that "the Croatian president is conducting the Greater Serbian policy" and "has directly aligned himself with those opposing the coexistence of the two nations—Muslims and Croats—in the Federation."

Muratovic cited Mostar as an example, because the Croatian president "has spent all these years trying to divide the town into Muslim and Croat parts, using all available means to achieve this."

"When someone is so uncompromising in his efforts to divide a town, it is difficult to believe that he is not doing the same to the entire Federation," Muratovic said.

"We have been aware of Tudjman's plans for quite some time now and we have warned the Croatian leadership about the possible consequences," he said.

B-H: Muratovic Calls For Boycott of Slovene Goods*LD0607215296 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 1915 GMT 6 Jul 96*

[Interview with Bosnian Prime Minister Hasan Muratovic by unidentified correspondent; place and date not given—live or recorded]

[FBIS Translated Text] [Correspondent] The government of Bosnia-Herzegovina will introduce visas for Slovene citizens on 10 July. Prime Minister Muratovic, can you tell us why?

[Muratovic] This is our reciprocal measure because of Slovenia's sudden and unprovoked decision to introduce visas for our citizens. You know that Slovenia is a transit country for many of us and that Slovene visas are going to be very expensive for our citizens because many of them cannot afford to pay for them.

[Correspondent] Could this affect our economic relations with Slovenia?

[Muratovic] I believe that it will affect them. In any country in this type of a situation, companies and citizens are loyal to their government. After this kind of a decision why should the citizens buy Slovene goods in shops if they can buy products of other origin? I

believe that citizens and companies will react to this until Slovenia suspends the visa regime for our citizens.

[Correspondent] Did the Slovenes respond to your letter? Did you receive a letter?

[Muratovic] Yes, Slovene Prime Minister Drnovsek replied and said that this had been an effort to introduce more order in this area and also mentioned Slovenia's associate membership of the EU. We cannot accept this argument, because Italy had the presidency of the EU until 1 July, and we do not need visas for Italy.

B-H: Silajdzic Demands Suspension of Dayton Agreement*AU0507152596 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 5 Jul 96 p 4*

[Report by H. Arifagic: "There Will Be More Divisions"]

[FBIS Translated Text] Addressing on Wednesday [3 July] the Constituent Assembly of the Party for Bosnia-Herzegovina in Maglaj, Chairman Haris Silajdzic stressed that, despite everything, Bosnia was ready for democracy. After all, those who know our history know very well that we are a pluralistic country and that we are used to divergence, and since democracy lies in divergence, Bosnia-Herzegovina can teach others how to live in a diverse society, Silajdzic said.

He recalled that many people have over the centuries found sanctuary in Bosnia-Herzegovina.

"I would never renounce this magnanimity of ours. It is a part of our Bosnian soul. Of course, we must keep it from being abused with a cautious approach and a good army."

Speaking about what kind of Bosnia should be built, he said that it should be a country to suit all people, a country for all of us, and a country that will be big enough for everyone. This country must show tolerance, "which we sometimes lack," it must show "patience toward diverse and different opinions."

Explaining the kind of Bosnia-Herzegovina that his party was committed to, he mentioned the return of people, particularly the young and educated ones, that who are now scattered all over the world.

"Since the signing of the Dayton agreement, 8,000 people, mostly from the Banja Luka region, have left the accommodation that they had in Croatia and departed for Australia, Canada, and the United States. These are mostly educated people. This represents a great loss to us. We are a small nation and we cannot afford to have

such a braindrain. We educated them and invested in them."

He accused the international community of bearing a great deal of responsibility for this, saying that certain things are still happening as if the Dayton agreement had never been signed. He illustrated this with the example of Kotor-Varos. On Monday between 40 and 200 Bosnia-Herzegovina citizens, mostly Bosniaks and some Croats, were expelled from this town. This took place under the eyes of the international community, which did nothing to prevent it.

"We have other reports of the expulsion of people from the Serb entity," Silajdzic said, wondering what purpose the Dayton agreement served and what the point there was in having 60,000 people (Implementation Force) observing all this.

He called on the current authorities to protest over this. He suggested that the Dayton agreement be temporarily suspended, since it was leading to a further division of Bosnia-Herzegovina. There will be more of these divisions. [sentence as published]

Silajdzic opened his address by thanking the Maglaj people for their welcome, "the police for keeping law and order so nicely," but primarily the fighters for defending Bosnia-Herzegovina. This was greeted with thunderous applause from the rally.

Economist Ibrahim Sehic from the Natron company was elected chairman of the municipal party council, and Sejo Nalic and Branka Pavlic its deputy chairmen. Merisija Krzic, member of the Party for Bosnia-Herzegovina leadership in Maglaj, was greeted exceptionally warmly.

B-H: Bosnian Official Says Defense Law Only 'Temporary'

LD0607192296 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 6 Jul 96

[FBIS Translated Text] The law on defense of the Bosnia-Herzegovina Federation was agreed upon yesterday. After months of negotiations, especially after frequent visits of U.S. officials in the last few days, another controversial point in the Federation has been eliminated. On the occasion of the harmonizing of the text of the defense law, Hasan Cengic, deputy minister of defense of the Bosnia-Herzegovina Federation, made a statement.

[Begin Cengic recording] Yesterday afternoon, Alija Izetbegovic, the president of the Presidency of Bosnia-Herzegovina, and Federation President Kresimir Zubak signed the agreement on the defense law of the Bosnia-Herzegovina Federation. In this way the debate on this law, lasting several years, has been brought to an end.

Next week, we the government will discuss it. We expect a government session on 7 July, and immediately following this the session of parliament at which this agreement should be confirmed.

The agreement reached is on the longer text of the law that has been in preparation for a long time—in spite of the fact that several shorter versions have appeared in the meantime—and it has been harmonized in full with the understanding that Article 22, relating to the civilian, that is supreme, command has been adopted as a transitional solution. It will be in force for the next three months, so that the function of the supreme—that is civilian command—will be performed by the president of the Presidency of Bosnia-Herzegovina and the Federation president in the period up to the elections, that is until the setting up of the state institutions after the elections.

In the period after this law is passed, that is probably next week, in the following three months, a new law should be prepared that will give a permanent overall solution to the civilian command issue with Article 22.

This solution of this question, which is at the same time the fundamental question of the law, is temporary. The law has been adopted after numerous debates, the coordination of many, very different views that have been brought closer and now finally agreed upon; and finally, after the persistent and good cooperation of the U.S. negotiators and the initiative of President Izetbegovic that a solution must be found, even if it is partly a temporary solution as is the case now.

In any case, this law will allow the beginning of the integration process of the Ministry of Defense in the area of the Federation, and in the joint Federation army, that is the joint command of the Federation army, and will allow all other obligations stemming from it, including the activity connected with the Arm and Equip Program. [end recording]

B-H: Daily Warns of Islamic Fundamentalism in Bosnia

AU0407120196 Zagreb VJESNIK in Serbo-Croatian 1 Jul 96 p 3

[Commentary by Aleksandar Milosevic: "Terrorism Without (State) Borders"]

[FBIS Translated Text] The last few meetings of the heads of state or governments of the seven most-developed countries in the world discussed terrorism thoroughly. The highest officials of some 20 countries also discussed terrorism when they gathered several months ago in an attempt to save the peace process in the Middle East. The UN Security Council and the

UN General Assembly have also warned on several occasions that the international community is facing terrorism as an obstacle to the creation of an atmosphere of tolerance, political dialogue, and relations that would finally bring peace to the world.

Assassinations, kidnappings, and explosions have shaken the people of the United States, Great Britain, Russia, Israel, Ireland, Pakistan, Japan, Algeria, Egypt, Turkey, Italy, Saudi Arabia, and dozens of other countries. In short, the boogeyman of terrorism is spreading over the world, and it seems that its waves have started to wash against our shores. Everybody remembers the explosion of a car bomb in Rijeka. By a fortunate combination of circumstances there were no casualties, apart from the assassin. Without doubt, the Islamic fundamentalist organization Jamaa al Islamiyah was responsible for that terrorist action. Responsibility for that action was claimed by the leaders of that group.

Attack on Silajdzic

The trial of a group of citizens of Bosnia-Herzegovina accused of an attempted terrorist action on the territory of the Republic of Croatia ended in the County Court in Rijeka recently. In Cazin, at approximately the same time as the end of the Rijeka trial, an attempt was made on the life of Haris Silajdzic, who will stand against Alija Izetbegovic in the upcoming parliamentary elections. The investigation has discovered that the Bihac group tried in Rijeka had been organized and inspired to terrorism by a senior official of the Bosnia-Herzegovina Security Service, and Haris Silajdzic himself has stated that brothers Mirsad and Ethem Veladzic are responsible for the attempt at his life. Mirsad Veladzic is the head of Una-Sana Canton, while Ethem is the minister of police in that canton.

The international community has warned frequently that terrorism, potentially by members of fundamentalist Islamic groups, could shift its sphere of activity from New York, Pakistan, Egypt, Turkey, and Algeria to this area. The international community has also warned that the presence of a large number of volunteers in the Bosnia-Herzegovina Army, who arrived from different Islamic countries, represents fertile soil for the appearance of terrorism. In this, the international community has particularly singled out volunteers coming from Pakistan, Iran, and Algeria. Not by accident, because it is precisely in those countries that Islamic fundamentalism has imposed itself in various ways as the dominant religious and political ideology.

The warnings have since been confirmed, not only by the actions we have already mentioned, but also by the discovery of centers and groups that were potential dangerous to peace in this region. Thus, last year, IFOR

[Implementation Force] troops discovered a base in the vicinity of Zenica that, in the opinion of the NATO military leaders, served as a terrorist-training center. Apart from large quantities of various weapons and ammunition, plenty of propaganda material was found, from which one could draw the conclusion that the Islamic world view in its radical, fundamentalist form was studied there. In other words, the trainers taught that Islam was the only right ideology and that all other religious and political options are the sworn enemies of Islam. Radical Islamic fundamentalism teaches that every Muslim must fight with all means against all other beliefs, and it is best to fight them with arms.

Terror in the Vicinity of Croatia

Although the government in Sarajevo committed itself before the international community to do everything to provide for the departure of the Islamic volunteer groups from Bosnia-Herzegovina, and their return to their own countries, HVO [Croatian Defense Council] Military Police stopped a group of Muslims who were well armed and well supplied with ammunition near Kiseljak several months later. The group consisted of three Algerians, one Iranian, and three Egyptians. They were travelling in four-wheel-drive cars with Zagreb register plates, and, from the documents, one could see that the vehicles were owned by two Islamic humanitarian organizations based in Zagreb. This happened at a time when, according to the claims of official Sarajevo, there were no more foreign volunteers in Bosnia-Herzegovina.

All this warns us of the huge and serious danger that Islamic extremism, for which terror and violence are the only form of political action, is establishing roots in the immediate neighborhood of Croatia. After all, after the car-bomb explosion in Rijeka, Salim Al Kurshany [name as published], one of the heads of the Jamaa al Islamiyah group, said that the world would soon come to know the strength of the Islamic Jihad in Bosnia. He said that an organization had already been founded, and the targets of its actions would be U.S. troops within NATO units in Bosnia-Herzegovina, other IFOR troops, and—the Republic of Croatia.

It is interesting that official Sarajevo has never explained its stand since this statement, which was published in several international newspapers, including VJESNIK. Nor has Sarajevo presented the international community with any convincing evidence that it has taken any action to prevent possible terrorist actions on its territory or planned on its territory.

Within the framework of its foreign policy, the Republic of Croatia has tried from the first days of its independence to establish good political and economic relations

with a number of countries in which Islam is the predominant or only world view. One must say that Croatia has succeeded. It is enough to remind you of the improving relations with Turkey, Malaysia, Egypt, Indonesia, and even with Iran. Even though a group of Croats who were working at a large construction site of the Zagreb construction company "Hidroelektra" were brutally murdered several years ago, relations with Algeria were not seriously disrupted. Responsibility for the murder of the 13 Croatian workers was claimed by a fundamentalist Islamic group, and its leader, according to the Algerian authorities, was eliminated a couple of months later in an action by the Algerian Army and police.

Spiritual Violence Against the Croats in Bosnia-Herzegovina

Radical Islamic fundamentalism was not present in the thoughts of the Muslims in Bosnia-Herzegovina, Croatia, and other parts of former Yugoslavia until the outbreak of war in this area. The influence of Europe and multiculturalism were a sufficient dam against intolerance and exclusiveness among the local Muslim population. Only when the Greater Serbian hegemony raised its head and when ethnic cleansing started in Bosnia-Herzegovina, did Muslim radicalism appear, as an almost logical response to the radical Orthodox Christian religion. When the genie was let out of the bottle, it was not so easy to put it back. On many occasions, therefore, the Republic of Croatia warned that the international community, from the United Nations to the Organization for Security and Cooperation in Europe (OESS) and the European Union, should be more decisive in its political actions to stop the war in this area and enable all nations to find space and ways to express their national and religious independence within political solutions. Unfortunately, those warnings did not always fall on fertile soil.

Terrorism is not the only form taken by radical Islamic fundamentalism. The spiritual violence to which members of non-Islamic nations, primarily the Croats, are exposed in certain parts of Bosnia-Herzegovina is also a manifestation that causes anxiety and concern. Several clerical officials in Bosnia-Herzegovina, from Cardinal Puljic to the lower levels, whom one really cannot call exclusive or intolerant, have been drawing attention to the manifestations of religious intolerance and the Islamization of the public and political life on the territory of the Federation of Bosnia-Herzegovina. It is no secret that imams and other religious officials hold high offices in the Bosnia-Herzegovina Army or in the political bodies of the Federation of Bosnia-Herzegovina. This does not contribute to an atmosphere of tolerance, understanding, and security for the non-Islamic popu-

lation of Bosnia-Herzegovina. Very little lies between spiritual violence and terrorism.

One Should Use All Means Against Terrorism

If violence and terrorism become recognizable terms of reference in the political life in Bosnia-Herzegovina, then the greatest victims of that will not be the citizens, groups, and individuals against whom those actions were taken, but the highest state and political factors, which have taken no steps to put an end to terrorism. Bosnia-Herzegovina certainly needs every kind of international assistance for the reconstruction and normalization of everyday life. The emergence of terrorism, even in its smallest forms, however, will totally isolate this area politically and economically. Therefore, what Bosnia-Herzegovina does not need, and what it should shun at all cost, is the import of radical fundamentalist ideologies and political ideas that are rooted in violence and the elimination of those who do not think the same way. Terrorism knows no borders, always and everywhere, it causes most damage to the country within the borders of which it is initiated or is taking place. It does not matter whether it is Algeria, Pakistan, Ireland, or Germany. Since terrorism knows no state borders, every member of the international community must use all means possible to fight against it.

B-H: Croatian Democrats Criticize Hague Tribunal Charges

LD0707194696 Zagreb HTV Television
in Serbo-Croatian 1730 GMT 7 Jul 96

[FBIS Translated Text] A meeting between leaders of the Croatian Democratic Union [HDZ; Bosnian Croat ruling party] of Bosnia-Herzegovina and party officials from the Lasva Valley [central Bosnia] has been held in Vitez. They discussed preparations for the forthcoming elections in Bosnia-Herzegovina as the Hague tribunal is bringing charges against the Croats of central Bosnia.

[Begin recording] [Correspondent Olivera Komsic] The Hague tribunal's charges represent a new prosecution and discrimination against the Croats of central Bosnia. The charges directly testify to the irrationality of the world's policies when it comes to the conflict in the Lasva Valley [between Croats and Muslims in 1993]; this was the conclusion of today's meeting in Vitez.

The HDZ believes these charges to be completely groundless because the Croats of central Bosnia were only defending themselves and suffered enormous losses in the process. In addition to this, by bringing charges against Stipo Alilovic, who lived abroad during the war and died last year, the tribunal showed its superficiality and proved that it was susceptible to

being used to support any allegation submitted by the Bosniak [Muslim] side.

[Ivo Lozancic, HDZ deputy chairman] It is up to us to organize Croats at the local and federal levels and the level of Bosnia-Herzegovina so that we can make a significant contribution to the defense of these people [before the Hague tribunal], the defense of people who were only defending themselves. Those who really did something, regardless of...[changes thought] ignoring orders, creating their own units, we shall not protect. We shall do so only for those who are unjustly accused and this is 90 percent, or, rather, judging on the charges brought so far, it is 100 percent of the accused.

[Komsic] The Croats of central Bosnia are bitter. The crimes committed in Buhine Kuce, Krizancevo Selo, and Maljine have not been forgotten. The perpetrators have been identified but the Hague tribunal has not started proceedings against a single one of those responsible who are still in senior posts in the Bosnia-Herzegovina Army. The HDZ and the Croats of central Bosnia hope that the tribunal will, despite everything, show its impartiality and justice primarily by suspending procedures against those who are totally innocent yet were charged by the tribunal. [end recording]

B-H: Party Officials React To Candidacy of Fikret Abdic

LD0607221596 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 1915 GMT 6 Jul 96

[FBIS Translated Excerpt] Television Bosnia-Herzegovina announced yesterday evening that Fikret Abdic, the former member of the Bosnian Presidency, former director of Agrokomerc, and former citizen of Velika Kladusa, had put his name forward as candidate for member of the Presidency of Bosnia-Herzegovina in the upcoming elections. After this news was broadcast, there were reactions and questions as to why we broadcast it—because this is news of importance that should not be passed over in silence and because as such it provokes reactions.

[Correspondent Verica Kalajdzic] Can Fikret Abdic, at one time called Babo, be put forward as a candidate in the upcoming elections in Bosnia-Herzegovina—this was a question to which there has been no answer for a long time. Now we have learned the answer. The Democratic People's Union, the political party headed by Abdic, sent a public statement to us yesterday that said that this party had submitted its list of candidates in the elections to the interim election commission in Sarajevo. The statement, signed by Party Secretary Ibrahim Djedovic, said that the party's candidate for member of the Presidency of Bosnia-Herzegovina is

Fikret Abdic. It is obvious that Abdic may be candidate in the elections, but we tried to get the answer to the question whether this candidacy is legal from the OSCE [Organization for Security and Cooperation in Europe]. [passage omitted]

Political parties of Bosnia-Herzegovina did not need so much time to react to Abdic's candidacy in the elections. Some of them have this to say regarding Abdic's candidacy:

[Begin recording] [Nijaz Skenderagic, member of the Presidency of the Social Democratic Party of Bosnia-Herzegovina] The candidacy of Fikret Abdic was to be expected. This comes as no surprise to us. We are surprised that the competent state authorities were satisfied with only starting criminal proceedings against Fikret Abdic. We are particularly surprised by a fact that is not known either to us or the public [as heard]—what if anything has been done in the past to start the same proceedings with the Hague tribunal, which is the only institution competent to make lists of war criminals who, in line with the rules, cannot take part in the upcoming elections. On the other hand, we all want the elections to be fair and democratic, but with such actions it is certain that these characteristics of the elections will suffer considerably.

[Zdravko Cosic, secretary of the Croatian Democratic Union of Bosnia-Herzegovina] We in the Croatian Democratic Union, just like the majority of democratically oriented parties, are in principle in favor of the democratization of life in general, of freedom and human rights. But we are certainly in favor of the legitimacy and the reign of law. [Word indistinct] principles should not at all constitute a violation of these rights and freedoms. We as a party can comment on certain political programs and aims of some parties or candidates. As for the legality of a party or an individual, this is something that the state institutions and judicial bodies are in charge of.

[Hasib Salkic, the secretary general of the Liberal Party of Bosnia-Herzegovina] As no charges have been brought against Fikret Abdic at the Hague tribunal, the liberals of Bosnia-Herzegovina believe that his candidacy is legal and in line with the election rules of the interim election commission. We also believe that the upcoming elections are the best way to put a definite end to the legend of the real political power and influence of Fikret Abdic and that the election results we expect and hope for will definitely remove this politician from the political scene in Bosnia-Herzegovina.

[Haris Silajdzic, chairman of the Party for Bosnia-Herzegovina] Fikret Abdic took the side of the enemy and several thousand people were killed as a result. That

is why this candidacy borders on a political scandal. This much is clear—I am only repeating the stance we have maintained all along. However, it is not clear why the federal partner registered him and what sort of federal partnership it is if this man registered his party in Herzeg-Bosnia—that is the real question.

[Cosic] I really do not know about the goals of this party and what prompted the party to choose this particular place. This should certainly be asked of those who registered it. [end recording]

B-H: New Banking Agency Seen as 'Important'

AU0807084796 Sarajevo OSLOBODJENJE (Bosnian Serb) in Serbo-Croatian 3 Jul 96 p 3

[Article by Ibrahim Polimac: "Semibank"]

[FBIS Translated Text] Last week the Government of the Federation of Bosnia-Herzegovina appointed Zlatko Baros as the director of the Agency for Banking ["Agencija za bankarstvo"]. This was the first practical step toward defining the organizational architecture of the agency, which is expected to contribute to the unification of the bank system on the entire territory of the Federation. Until now, in [the self-proclaimed Croat republic of] Herzeg-Bosnia there have been nine systems, and on the territory under control of the Bosnia-Herzegovina Army there have been 30 commercial banks, two of which are liquidating. Banks from Herzeg-Bosnia had no license from the National Bank of Bosnia-Herzegovina, nor did they ask for any, and thus they were not included in the legal system.

The Agency and the State

The task of the Agency for Banking of the Federation of Bosnia-Herzegovina is to "issue the permits for founding, the permits for changing the organizational system or type of business conducted, and for compliance in the appointment of bank managerial staff." [It also includes] supervising the work of the banks, undertaking measures and terminating work permits, in accordance with the law.

The Agency is an autonomous financial institution, independent of the Federation, and it submits the reports on its work to the government and to the constitutive Assembly, an integral part of which will be an analysis of the banking system situation in the Federation.

Regarding commercial banks, according to the provisions of law, it is their obligation to forward reports and other data to the agency in scheduled periods, and by the end of June the revised balances and other financial reports for the previous year. By the end of September of this year, all commercial banks are due to submit to

the Agency their requests for getting or renewing the permit for the performance of banking work.

The forming of this agency represents a compromise, and it is a transitory solution until the establishment of the Federation's central bank. The beginning of its work should imply the first step toward the inclusion of all Federation banks into one system and their cooperation without any mediators, as has been the case up to now. [sentence as published]

For the economic situation in general, this could mean an important advantage—the beginning of the reintegration of the divided economic space in the Federation. At the same time, it has often been said, some other things must be done for banks to give a real lifeblood to the economy.

The banking association of the Chamber of Commerce of Bosnia-Herzegovina recently formed a special commission that will prepare the request, that is, initiate changes in legal regulations, which should result in greater protection for creditors, in this case the banks. Bankers claim that risk in placing their assets is still big. In a way, this is a response to the semi-official remarks that our banks have considerable assets on their accounts, which they do not make available for the economy. Beside the fact that those assets, even if they do exist, are not "suitable" for investment credits because of their sources and their term, one should also acknowledge that there are numerous examples of debtors who avoid carrying out due obligations.

Paying Through the Accounts of Others

The range of avoiding to carry out obligations becomes ever wider and richer: from the opening of multiple accounts, to changing the seats and names of companies overnight, to paying through the accounts of others [sentence as published]. Orders for realization given to the Institute for Payments Circulation [Zavod za platni promet] have not brought the expected results to creditors, although the debtors, at the same time, acquire and pay for the goods, which should mean there are assets in their accounts.

For most of the approved and used credits, banks choose mortgage on the property of the debtor as an instrument of guarantee. However, the executive court decision on mortgage-based guarantees has in reality turned into endlessly long court disputes, which makes the institution of mortgage as an instrument of guarantee almost meaningless.

The same thing has happened with bills of exchange. Courts explain that they have no staff able to protest bills of exchange, thus such procedures last endlessly; it

has become such that the usefulness of bills of exchange as guarantee instruments has come into question.

Room for Crime

State organs and institutions react to all these occurrences slowly or not at all. Because of this, room for illegal—not to say criminal—acts, to put it mildly, does not decrease but on the contrary, it expands. The flow of goods and money, disturbed through the war, faces a new, peacetime temptation. The fact that this tendency is growing is confirmed through the warnings which have come lately from experts of the World Bank, who have mentioned several times that the establishment of state institutions must be accompanied by the prevention of illegal acts, discretely hinting at the experience of Russia.

It is now obviously the turn of the state. Creditors must be protected, the trustworthiness of guarantee instruments restored, and, in the interest of all, the circulation of capital expedited—of which we do not have enough and yet we allow some to keep it frozen or to speculate with it. In all this, the Agency for Banking of the Federation of Bosnia-Herzegovina will have its place, but its action will not be sufficient to remove the numerous weaknesses entirely. Still, it is important to start.

B-H: IFOR Commander Signs Accord on Border Dividing Bosnia

LD0607155496 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 6 Jul 96

[FBIS Translated Text] Admiral Leighton Smith, commander of the Implementation Force [IFOR] for Bosnia-Herzegovina, signed agreements reached so far on changing the border line between the two entities in Bosnia-Herzegovina [the Bosnian Serb Republic and the Muslim-Croat Federation] at a special ceremony in the peace force base in Sarajevo.

A subcommittee for borders held more than 30 meetings over the past four months in order to find a compromise for disputed border areas in both entities through peaceful, although often very difficult negotiations. These negotiations resulted in an agreement between the three sides on more than 40 changes on the 1,050-km long line of separation between the entities.

Adm. Smith stressed that the interentity separation line created by the Dayton agreement is only an administrative line which should facilitate the dividing of the former warring parties' armies. He added that peace force soldiers are continuing to patrol the separation line in order to ensure that the area is demilitarized. This line is not a wall which should stop people crossing it; ev-

eryone has the right to cross the line freely while going about their business, Smith said.

However, many journalists were skeptical about Smith's claim that the interentity line is only an administrative border, rather than a de facto state border. One journalist went as far as to ask Adm. Smith whether the line is a new western border of a Greater Serbia.

We will never accept the interentity line as a border. I do not believe that today I signed a document setting out the western or eastern border of any state. I signed an agreement which was reached through negotiations, not war, which is considerably different from the situation we had only a year ago, Smith answered.

B-H: Activities, Whereabouts of Karadzic, Mladic Detailed

AU0707205996 Hanau NOVA BOSNA in Serbo-Croatian 4 Jul 96 p 9

[Report by E.M.: "Criminals Within Arm's Length"]

[FBIS Translated Excerpt] Sarajevo—The international community has stepped up its calls lately for the removal of war criminals Radovan Karadzic and his chief executor, Ratko Mladic, from the political scene. Unfortunately this is mostly lip service, because the Implementation Force [IFOR] members who are very much present in Bosnia-Herzegovina are not doing anything to bring them to the Hague tribunal.

A Belgrade journalist, with the assistance of Greek friends, recently had no problems getting near Karadzic's house in a car bearing the EU insignia.

Pale Executioner Touring Cafes

The journalist writes that he traveled along a country road about 2 km from the center of Pale. Along a narrow macadam road they drove toward a small forest until they reached a ramp some 15 meters from the road which had the word stop written in large letters across it. Through the branches one could see a white country house in which one of this century's biggest criminals is currently residing.

The Greek who drove the Belgrade journalist said it was not advisable for people of their profession to remain in the area as it could be too dangerous.

And as they approached the ramp, five well-armed security men sprang out from behind the bushes. However, the journalists nevertheless managed to get within a stone's throw of the criminal's den.

The journalists inquired about the lifestyle of the Pale executioner. The villagers said Karadzic was leading

a normal life in this little town in the hills, visiting cafes and occasionally playing a game of soccer with like-minded fellows. It is noteworthy that none of the villagers considered the possibility of Karadzic's arrest. The reply was usually: "We would rather die than allow his arrest." [passage omitted]

It appears that General Mladic is a lot more careful. He lives and works on the territory of the Serb Republic, according to the Serb Republic Army sources. The truth is, they admitted, that this criminal is a lot more careful and travels incognito in the country. The explanation is that he does not wish to end up like Gen. Djukic, who was arrested in Sarajevo and extradited to The Hague.

There was a time when Mladic boasted that it would take a lot of IFOR soldiers to arrest him and that he wasn't paying any attention to The Hague warrant. Nevertheless, his mode of travel proves that he pays a great deal of attention and that his fear is growing.

Everybody in the Serb Army is particularly careful not to betray the location of Mladic's current abode. He appears unscheduled in various towns of the so-called Serb Republic. They say in his army that he travels wherever he believes he should be. We learned from some well-informed sources that even the majority of the people in his "general staff" do not know his whereabouts. It almost appears as if he would be afraid of a new "Brankovic," a popular figure from Serbian mythology.

On Belgrade's Payroll

However, it is noteworthy that Mladic is often in Belgrade. It is even known that he regularly undergoes medical checkups there because he suffers from some sort of complaint that requires constant medical supervision. He travels without fear in Serbia because there is no IFOR and no valid reason why a senior Serbian ("Yugoslav") army officer who is on the payroll of the General Staff in Belgrade should be afraid. He is still the favorite of the dictators from Dedinje, who have not mentioned him lately in public.

On the basis of everything known so far, it would be easiest to capture Mladic somewhere along the Drina. He crosses the border river at a different place every time he leaves Serbia. But where there is a will, nothing is impossible.

B-H: Article Predicts 'Assassination' of Karadzic

AU0807085396 Hanau NOVA BOSNA
in Serbo-Croatian 4 Jul 96 p 12

[Report by Dz. Dzakmic and R. Kos: "Liquidation of Radovan Karadzic Soon"]

[FBIS Translated Excerpt] [Passage omitted] Is it a coincidence that a rumor has started to circulate that a certain Zdravko Budisavljevic, a former legionnaire and an excellent sniper, is present in Belgrade and is in charge of Karadzic's liquidation? Allegedly, the CIA has also used his services in some of their "jobs."

Trusted Man

For that reason, AS [tabloid newspaper] turned to one of the best connoisseurs of the situation in Pale, now a retired officer in Belgrade and a relative of Karadzic's close assistant. Of course, we are not publicizing this man's name because of the trouble that might ensue, as he has already had plenty of problems so far.

"The arrest of Radovan Karadzic and his extradition to the Hague Tribunal is a difficult and futile job. Nothing will ever come of it! He will simply be liquidated. He will be killed by one of his closest aides, 'his trusted man.' It will all look as if he committed suicide. Never mind suicide, Karadzic will not even have the time for the famous 'You too, Brutus' line before the bullet will whiz through his temple...."

When asked whether Karadzic's killer could be a certain Zdravko Budisavljevic, our interviewee merely waved his hand.

"Don't be ridiculous. Do you know of a single case in the history in which the name of the assassin was known in advance? I do not believe that this Zdravko even exists. If he does exist, then he invented the story himself to attract media attention, if for no other reason. He is a sort of fake, if he exists at all."

However, you do suspect that Karadzic's assassination is on the cards. Do you have first-hand information that you can divulge right now?

"Milosevic has not decided on Karadzic's fate yet. That he is a nuisance for him is undisputable, but, however paradoxical it sounds, he is also his biggest trump card. For as long as he holds Karadzic's fate in his hands, he can trade on the political level. Hagglng is taking place at the political table now. Milosevic demands that the unfortunate Yugoslavia's continuity be recognized, and he wants credits and the full-fledged membership of Yugoslavia under the old conditions. If he is given all this, then Karadzic will be delivered tomorrow, dead or alive. Definitely not alive, in fact, because the dead

cannot speak, and a live Karadzic would have plenty to say."

B-H: Mladic Sends Protest to NATO, IFOR Commanders

*LD0407200096 Belgrade SRNA in Serbo-Croatian
1824 GMT 5 Jul 96*

[FBIS Translated Text] Sarajevo, 5 July (SRNA)—The commander of the main HQ of the Serb Republic Army, Colonel General Ratko Mladic, today sent a protest to the NATO commander in Europe, Gen. George Joulwan, over an incident IFOR [Implementation Force] members caused on 3 July near Srbinje [Foca].

We will carry Gen. Mladic's protest, also sent to the commander of IFOR's land forces in the former Bosnia-Herzegovina, Gen. Michael Walker, in its entirety:

An IFOR unit stopped the chief of the Serb Republic Army's General Staff, Lieutenant Col. Gen. Manojlo Milovanovic, and Major Gen. Radovan (?Grubac), the commander of the Herzegovina Corps, on the bridge across the River Drina in the village of Brod on the Drina near Srbinje at (?1730) on 3 July this year. They disarmed the officers' escort and prevented them from continuing their business trip to Kalinovik.

All this was done in an inappropriately rude way with the participation of 10 armored vehicles and around 70 or 80 IFOR soldiers. It was only after a spontaneous gathering of a large number of civilians from Brod, Srbinje, and other villages at the scene of the incident and after they demanded that weapons be restored, that IFOR restored the weapons and the Serb Republic Army generals resumed their planned trip.

Mr. General—the protest sent by the commander of the Serb Republic Army's General Staff to the NATO commander Europe reads—you will understand that the act of brutality against the Serb army's senior officers is impermissible and that it seriously alarmed citizens, thus flagrantly violating the spirit and letter of the peace agreement and IFOR's task and role in the implementation of it.

The IFOR troops caused the incident without any provocation on our part, exactly in (?the area) where the NATO air force [words indistinct] in September (?1995) caused devastation and incredible damage and casualties among the innocent population.

It destroyed three bridges in Srbinje, which NATO has not yet repaired, and the fourth [words indistinct] Srbinje and surrounding villages treated in hospitals and several thousand people suffered horror and panic which they will find difficult to get over.

"The behavior of individual members of IFOR is unacceptable and difficult to understand in the current situation. Instances of such behavior, as well as a series of similar examples on the part of certain members of IFOR which we shall not mention now, can only provoke resentment on the part of the citizens of the Serb Republic and prompt them to ignore the international forces," the protest by Gen. Mladic warns, adding that "this is exactly what was prevented on this unpleasant occasion only by extreme effort and authority of the senior Bosnian Serb Army officers."

"That is why, Mr. General, in my wish that this be the last instance of misunderstanding and wilfulness of IFOR, I expect you to do the following:

"a. Order your units to stop acting willfully with a show of force aimed at members of the Bosnian Serb Army and citizens of the Serb Republic;

"b. IFOR should, on your behalf, apologize publicly to the citizens of Srbinje;

"c. Remove the unit responsible for the incident from Srbinje, Kalinovik, Gacko, and Nevesinje;

"d. The participants in the incident should apologize publicly, on your behalf, to the senior officers of the General Staff of the Bosnian Serb Army because of the humiliation, harassment, and the threat to their personal safety they caused.

"The participants in the incident, certain officers and soldiers, who exercised brutal force should be removed from the territory of the Serb Republic because they offended senior officers of the Bosnian Serb Army and harassed the Serb people—therefore, we cannot extend them any longer the hospitality they used to enjoy here.

"The Serb people, particularly in the municipalities of Srbinje, Gacko, Kalinovik, and Nevesinje still have deep wounds and the graves of their children killed by NATO air force are still fresh. We expect thorough understanding on your part in order to build new bridges of trust since you are incapable of building at least one tiny bridge across the River Drina in place of those destroyed by NATO in such a precise and pompous fashion.

"This nation expects to live in peace, on its land, to heal the wounds of its children and to rebuild the destroyed homes, and it does not want individual members of IFOR to frustrate and upset it in any way.

"I expect you to punish appropriately and sensibly the individuals who tried to mar the honor of senior officers of the Serb Republic Army and of a great number of civilians who saw this unpleasant event," Gen. Mladic's protest to Gens. Joulwan and Walker ends.

B-H: Bosnian Serbs Reportedly Threaten U.S. Helicopter

AU0607133496 Paris AFP in English
1215 GMT 6 Jul 96

[FBIS Transcribed Text] Sarajevo, July 6 (AFP)—Bosnian Serb forces threatened to shoot down an American helicopter on a reconnaissance mission above an illegal arms dump, a NATO official here said Saturday.

The incident took place on Friday above Mount Zep, eastern Bosnia, near to the Bosnian Serb army command at Han Pijesak, 60 kilometers (40 miles) northeast of Sarajevo.

"The commander of the Serb unit in the area threatened to open fire on the helicopters," the NATO source said who spoke on condition of anonymity.

Three tanks and two armoured personnel carriers (APC) had been spotted by the aircraft outside of a collection area where they should have been, the military official said.

The Serb threat prompted major display of air power over the area, according to the same source who added that US attack helicopters have been sent to the area.

American peacekeepers in NATO's so-called northern zone were placed on the second highest state of alert the official said.

Earlier, another NATO officer commented that the incident underlined that the "Americans put everything they had in the air."

A spokesman for NATO's peacekeeping force in Bosnia (IFOR), Lieutenant Colonel Max Marriner however, denied that there had been threats made by the Bosnian Serbs.

He confirmed that planes and helicopters had been sent to support to IFOR ground patrols. However, he refused to give details of the aircraft mobilised but this deployment appears to be one of the most important since IFOR began enforcing respect for rules governing heavy weapons under Bosnia's peace plan.

Under the Dayton accord, all armies in Bosnia must keep heavy weapons, such as tanks and APCs in specified collection areas which are subject to checks by NATO peacekeepers.

B-H: Unknown Attackers Fire on IFOR Troops in Serb Entity

AU0807133296 Belgrade BETA in Serbo-Croatian
1201 GMT 8 Jul 96

[FBIS Translated Text] Sarajevo, 8 Jul (BETA-REUTER)—Today, three unknown attackers opened fire on a convoy of Portuguese vehicles of the Implementation Force (IFOR) in Bosnia, it was announced at NATO headquarters in Sarajevo. The incident occurred on Bosnian Serb territory.

As Major Brett Boudreau, the NATO spokesman in Sarajevo, said, the attackers fled when the six Portuguese soldiers who were inside the three attacked vehicles returned fire. None of the Portuguese was injured.

According to Boudreau, the vehicles were transporting food from Sarajevo to Rogatica and were attacked in the vicinity of the village of Knezevici. Rogatica and Knezevici are both under Serb control.

B-H: Serbs Accuse IFOR of Harassing Locals

LD0607192496 Pale Srpska Televizija
in Serbo-Croatian 1800 GMT 6 Jul 96

[FBIS Translated Text] Under the pretext that they were inspecting the heavy armaments of the Serb Republic Army, members of IFOR [Implementation Force] tried today to enter the barracks in Veliki Zep. The residents of Han Pijesak, provoked by IFOR's demonstration of force over several days, prevented this attempt. According to the U.S. officer, members of IFOR allegedly observed three days ago the movement of several tanks and transporters of the Serb Army and they wanted to check whether the said weapons were within the control zone.

But for the assembled residents, after increased harassment from the air and on the ground involving IFOR members, the interpretation of the Dayton Agreement was superfluous. They want their peace. The officers of the headquarters of the Serb Republic Army met senior IFOR officers in an attempt to reach an agreement.

B-H: Finnish Team Ignores Serbs, Exhumes Srebrenica Bodies

AU0507200796 Belgrade BETA in Serbo-Croatian
1643 GMT 5 Jul 96

[FBIS Translated Excerpt] Sarajevo, 5 Jul (BETA-REUTER)—The Finnish forensic experts ignored today the objections by the Bosnian Serbs and exhumed at least nine bodies believed to be of Bosnian Muslims that were murdered while fleeing Srebrenica last year. The United Nations has announced.

"Although they have not been given written permission from the Serb authorities, the Finnish team started work today and have so far exhumed at least nine bodies, which have been transported to Tuzla," UN spokesman in Sarajevo Aleksandr Ivanko said.

"The chances are that they will exhume more bodies during the day," Ivanko added. [passage omitted]

B-H: Article Accuses Serb PM Klicovic of 'War Crimes'

*AU0807071596 Sarajevo DNEVNI AVAZ
in Serbo-Croatian 3 Jul 96 p 5*

[Article by Dzuro Kozar: "Prime Minister With an Arrest Warrant"]

[FBIS Translated Text] The new prime minister of the Serb Republic, Gojko Klicovic, who replaced Rajko Kasagic in that position in May, has a Chetnik and criminal history. That is also probably the reason why he had the trust of the war criminal Radovan Karadzic. Klicovic's grandfather, Gojko, whom he was named after, was a Chetnik, and his father, Ilija, was also taught to glorify Draza Mihajlovic [World War II Chetnik leader]. The younger Gojko (he is 41 years old), being a chip off the old block, was a closet nationalist under the former system. After the formation of the Serb Democratic Party [SDS], he became an open nationalist.

He Started Out on a Committee

It is interesting that Klicovic, after his studies at the Department of Political Science (Sociology Section), got his first job at the, at that time, municipal committee of the Bosanska Krupa League of Communists, as an expert-political worker.

He "sailed" into crime when he became the director of the Univerzal trade cooperative. His police dossier was opened in 1985 and contains the following: the spreading of lies, financial fraud, and the falsifying of official documents. Security bodies filed criminal charges against Klicovic in 1987, because he was suspected of committing the crime of theft. He was temporarily arrested at that time, but was released with the help of criminal connections. The cooperative of which he was the director went bankrupt because of his financial malversation. While in pretrial confinement in Bihac, he got to know Fikret Abdic, who was locked up because of the Agrokomerc affair. Witnesses say that Klicovic then helped Abdic with the preparation of his defense. This connection was also expressed during the war, since Abdic, in agreement with Klicovic, provided the Serb army with food and fuel and received full freedom of movement throughout the Serb Republic in return.

Genocide Against Bosniaks

While in pretrial confinement, Klicovic tried to file falsified documents through the accounting section, with the help of his friends, to aid his defense. Thus, he again committed a crime. He was then proclaimed guilty of the offense and fined.

After the SDS was formed, Klicovic arrived in Banja Luka, where he prepared the aggression against Bosnia-Herzegovina together with Radoslav Brdzanin, Vojo Kupresanin, and other extremists. He is one of the founders of the "Serb autonomous region of Bosnian Krajina."

At the first multiparty elections in Bosnia-Herzegovina in 1990, he was on the list of SDS candidates, and was chosen as the vice president of the executive council of Bosanska Krupa Municipality. That is where his political rise began.

As the head of the SDS, Klicovic supported, planned, and practiced ethnic cleansing on the right bank of the Una River in the area of Bosanska Krupa, and he also worked on drawing up a map of the Krupa "Serb municipality." The Bosniaks there, who comprised 78 percent of the population before the war, were killed, mistreated, and banished. He is responsible for the looting, tearing down, and burning down of Bosniak houses in Bosanska Krupa. On 21 July 1992, the authorized bodies of the Republic of Bosnia-Herzegovina filed criminal charges against Gojko Klicovic on suspicion of his having committed the crime of genocide. These charges were complemented by the new facts about Klicovic's war crimes.

Based on the criminal charges, on 4 August 1992, the high court in Bihac issued a warrant for Klicovic. We have discovered that the high public prosecutor in Bihac will renew the process against him and again issue a warrant. Because of this, the new prime minister of the Serb Republic must not come onto the territory of the Bosnia-Herzegovina Federation that is under the control of the legal Bosnia-Herzegovina authorities. Bearing this in mind, the office of Carl Bildt warned Pale, emphasizing that, instead of Kasagic, a person who may come to federal territory should have been chosen.

Full Loyalty to Karadzic

At the time of the counteroffensive by the 5th and 7th Corps of the Bosnia-Herzegovina Army, Klicovic was one of the first to leave Bosanska Krupa for Banja Luka, where he participated in the activities of the Red Cross. The refugee kitchen was only a stepping stone for the continuation of his political career. Through the SDS, he arranged to become assistant health minister

in the Serb Republic and moved to Pale. When the Serbs were leaving Sarajevo (before the reintegration), a staff was formed in order to coordinate all this, and Klikovic headed it. Thanks to his "care," those people were, being more often hungry than full, moved into collective accommodation centers in Zvornik, Bijeljina, Brcko, Visegrad, Rudo, and other places from which the Bosniaks had been banished.

The choice of Klikovic as prime minister of the Serb Republic surprised many people in the Serb entity, since he has neither the knowledge nor the capabilities for such a role. The decisive factor in his being named prime minister was his Chetnik background and his criminal past, and primarily his servility toward the Pale leadership. Karadzic needed someone totally unlike Kasagic, and he found just that in Gojko Klikovic.

B-H: Klikovic Against 'Unilateral Actions' in Brcko Area

LD0807111096 Belgrade SRNA in Serbo-Croatian
0955 GMT 8 Jul 96

[FBIS Translated Text] Sarajevo, 8 Jul (SRNA)—Gojko Klikovic, prime minister of the Bosnian Serb Republic, sent a protest today to Carl Bildt, the high representative [coordinator of the international civilian operation in Bosnia-Herzegovina], prompted by the decision of Bildt's office to allow the Muslim side to refurbish 20 houses a week in the Serb part of the separation zone near Brcko [northern Bosnia].

At a meeting of the regional joint commission for the northeast held in Bijeljina on 3 July and chaired by Bildt's deputy Michael Steiner, it was decided that the reconstruction of 20 houses a week in the villages of [name indistinct], Brod, and Dizdarska should start today, 8 July.

Klikovic pointed out that the regional commission reached this decision without the consent and agreement of Serb Republic representatives and that he was worried by the commission's decision that the conclusions of the meeting should be valid throughout the territory of the former Bosnia-Herzegovina.

"The implementation of the conclusions must be tackled carefully by the joint interim commission; actions for the settlement of refugees and displaced persons cannot be instituted without a thorough insight into their difficult situation throughout the territory," the protest says.

The prime minister warned that 40 collective settlement centers were still operating in the Serb Republic and that the problem of the most vulnerable had not yet been resolved.

"I would like to appeal to you to prevent such unilateral actions, as they might give rise to reactions beyond the control of the Government of the Serb Republic," the letter says.

In his opinion, "this case is without precedent in the process of implementing the Dayton agreement and it is aimed directly against its further implementation."

Klikovic warned that the Serb Republic was "a full and equal part of the peace process, and no action can be implemented without its consent" and that "it will not suffer calmly a series of injustices inflicted upon it on a daily basis."

"This is why you should know that you will be held responsible for the actions of Ambassador Steiner and all the problems they might give rise to," Klikovic said.

B-H: Serbs Demand Permission To Fly Over All of RS

LD0507210096 Belgrade SRNA in Serbo-Croatian
1935 GMT 5 Jul 96

[FBIS Translated Text] Banja Luka, 5 Jul (SRNA)—Major General Zivomir Ninkovic, commander of the air force and air defense of the Bosnian Serb Army, held talks in Banja Luka today with Gen. J.P. Kiszley, commander of IFOR's [Implementation Force] Sector Southwest, on the implementation of the military aspect of the Dayton agreement.

"I put forward a clear request to Kiszley that the Serb air force be allowed to fly over the whole of the Serb Republic [RS] territory, and not only over the western part of the Republic as has been the case so far," Ninkovic said after the meeting.

Ninkovic pointed out that the request was in line with the Dayton peace agreement and that, if it were not fulfilled, the military aspect of the peace agreement will be flagrantly violated.

"We also demanded from the British officer that we be allowed regular training or, more precisely, training of our personnel on radar and rocket systems, as this is also in line with the Dayton agreement," Ninkovic said.

B-H: RS Interior Minister Reportedly To Be Replaced

AU0807141496 Belgrade BETA in Serbo-Croatian
1050 GMT 7 Jul

[FBIS Translated Text] Bijeljina, 7 Jul (BETA)—Serb Republic [RS] Interior Minister Dragan Kijac will be replaced by Tomo Kovac, BETA has learned from well-informed circles close to RS authorities.

Kijac was appointed interior minister last fall when Rajko Kasagic was appointed prime minister. He replaced Kovac, who will now replace him. Kijac's appointment was one of Kasagic's conditions for taking the post of prime minister.

The replacement of the interior minister became a topic of discussion in Pale some months ago when Prime Minister Rajko Kasagic was replaced.

The government is expected to decide today to replace the old and to appoint the new minister.

B-H: RS's Plavsic Sees Sep Elections as 'Priority'
LD0707152096 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1238 GMT 7 Jul 96

[FBIS Translated Text] Kragujevac, 7 Jul (TANJUG)—Biljana Plavsic, acting president of the [Bosnian] Serb Republic (RS), told Radio Kragujevac today that the implementation of the Dayton agreement and the return of refugees to their homes are the strategic issues the RS leaders will tackle.

Taking part in the "Hallmark of Time" program, she stressed that the implementation of agreed documents has been halted and that it is necessary to invest twice as much effort now in order to translate accords into reality.

The elections scheduled for 14 September are a priority, and they are seen and accepted as such in the RS.

"We in the Serb Republic, both the ruling party and others, the situation in general, are completely ready for the elections, which could even be held before the scheduled date. We could hold the elections earlier. I think there are huge problems in the [Muslim-Croat] Federation. We are afraid that the election date could be put back. We would not like that to happen because it is in our interest to hold the elections as early as possible."

In response to a remark that freedom of movement is one of the conditions for holding elections, as stated in the Dayton agreement, Plavsic said the RS is consistently observing the Dayton agreement on that particular issue, but that the Muslims often ignore the obligations they have assumed.

"The Muslims attack our territories and try to enter them. They even arrive armed, plant mines under houses, and so on. First we must provide for the 500,000 refugees who are in the Serb Republic. We must not allow—and the international community must not allow—the Muslims to keep Serb houses in Sarajevo, Glamoč, and other towns from which the Serb population has been driven out, while at the same time

demanding to be allowed to return to houses in the Serb Republic," Biljana Plavsic said.

B-H: Klikovic Denounces Plan To Bar SDS From Elections

AU0807135596 Paris AFP in English
1338 GMT 8 Jul 96

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina July 9 (AFP)—A senior Bosnian Serb on Monday denounced the threat to bar Radovan Karadzic's ruling party from September elections if he remained as its president. "Such an idea could only come in the spirit of those who ignore all democracy," Gojko Klikovic, prime minister of Republika Srpska [Serb Republic], the Serb entity in Bosnia, and Karadzic crony told AFP.

Under Bosnia's peace accord, Karadzic, head of the nationalist Serbian Democratic Party (SDS), is barred from standing in the September 14 general election as he has been indicted by the international war crimes tribunal in The Hague. He has chosen not to run in the election but remains the SDS chairman.

Robert Frowick, head of the Bosnian mission of the Organisation for Security and Cooperation in Europe (OSCE) which is overseeing the poll, said Monday that he planned to use his prerogative "to deny the SDS eligibility for participation in the elections" while Karadzic was still its leader.

Klikovic said that under the Dayton peace accords, Karadzic was not barred from being party leader. "Being president of a party is not a state function and the Dayton peace accords only covers state functions," Klikovic said.

Frowick's plans "are a new proof that the international community is harbouring designs which are not written into the Dayton accords," he added. "Reintegration of Bosnia is out of the question," the Bosnian Serb official said.

One member of the SDS leadership, Radivoje Tuvnjak, who was not yet aware of Frowick's announcement said that if this were true "there would probably not be elections in the Republika Srpska."

B-H: Bosnian Serb Socialist Leader Interviewed
96BA0349A Belgrade NIN in Serbo-Croatian
31 May 96 pp 18-20

[Interview with Dragutin Ilic, president of the Socialist Party of the Srpska republic, by Dragan Stavljanin,

Belgrade correspondent of Radio Free Europe; place and date not given: "The Unrest of an Obstinate People")

[FBIS Translated Text] The moral and professional prestige of the candidates will be more decisive in winning over voters in the upcoming election in Bosnia-Herzegovina (BiH) than party programs. That opinion is shared by our informant Dr. Dragutin Ilic, president of the Socialist Party of the Srpska republic (SP RS), whose headquarters are in Banja Luka, adding that the image of the parties will also be very important. Dr. Ilic is chief of the Emergency Medical Service in Banja Luka. In response to the observation that one survey showed that the SP is the strongest party, he says that he does not attribute too much importance to polls, but that the Socialists enjoy prestige and trust of the citizens, above all because of the large number of able and uncompromised members. He says of himself that he will head the SP not only so long as he enjoys the confidence of his fellow party members, but also while he himself judges that he has new ideas.

[Stavljanin] On Saturday, 1 June, the First Congress of the SP RS will be held in Banjaluka. Is that the final preparation for the upcoming election?

[Ilic] That is right. Our party has existed for three years, and the day before the congress is the anniversary of its founding. Before the congress, we carried out internal party elections and arrived at a personnel structure from a broad base, people who will hold the highest posts in the party.

A basic document will be presented at the congress: "The RS— Reconstruction and Development Toward a Normal Life." The poster for our congress reads "RS: Peace, Renewal, Development," reflecting the essence of our commitment.

[Stavljanin] I suppose that the congress will also be attended by a delegation of the Socialist Party of Serbia (SPS). Is it possible that Slobodan Milosevic will come?

[Ilic] Yes. We expect delegations of the SPS, DPS [Democratic Party of Serbia], and other parties with a left-wing orientation. As for President Milosevic, it would be a great honor for us were he to come, but that is up to him. I think that that would be a great boost and encouragement for the people in the RS. At the same time, this would be the best answer to those who accuse President Milosevic of all kinds of things.

[Stavljanin] Do you think that the sentiment of at least part of the Serbian people on the other side of the Drina has been affected by Milosevic having encouraged them at the beginning to fight and in the end betraying them, leaving Sarajevo, for example, to the Muslim-Croatian Federation?

[Ilic] Our people should be told the truth. I think that the current government in the RS preferred to pass all its own mistakes and lapses to President Milosevic. However, by diplomatic agility and positions based on principle he nevertheless obtained the maximum at Dayton from a situation that was disastrous for the Serbian people, so that I cannot accept the argument that we lost Sarajevo because of President Milosevic. We actually lost Sarajevo back in 1992, by the very fact that the leadership of the SDS [Serbian Democratic Party], and later also of the RS, abandoned it. How can you explain to the international public that someone climbed up in the hills, pulled out heavy artillery, turned off the water and electricity to the citizens down below, and then pounded and bombarded them from above? And there were also Serbian inhabitants down below. The fact that the Muslim soldiers were firing from below cannot be sufficient justification. The leadership of the RS excluded itself from the Presidency of Bosnia-Herzegovina when Biljana Plavsic and Nikola Koljevic withdrew. But Alija Izetbegovic spent the entire time in Sarajevo. In the end, those who are accusing President Milosevic have to explain why back in August, that is, before the Dayton Agreement, they ordered industry to be moved out of the Serbian part of Sarajevo. So how can you tell the people to remain if you have taken away entire factories in which they are supposed to earn their livelihood? Who sent the police to drive out the Serbs there, torch the houses, and promised those people that virtual villas were awaiting them in the Drina Valley and I do not know where else, and later the people were left out in the open? And what was the purpose behind that? They wanted to instill in the people a hatred of President Milosevic, for those people to be sent over the Drina and cause unrest here.

[Stavljanin] Do you think that the Serbs would have been safe if they had remained in Sarajevo?

[Ilic] They were guaranteed rights under the Dayton Accord. The few Serbs who nevertheless remained in Sarajevo have been threatened by various criminal groups and even the authorities. But if all had stayed, that kind of behavior toward 100,000 people would not have been possible. They were protected there by collectivity. That is, why is it that I mentioned that we need a radical renewal?

[Stavljanin] What kind of renewal do you have in mind?

[Ilic] I am thinking of a comprehensive renewal in which moral renewal will be the most difficult, because we have suffered a moral decline as a people. The policy of intolerance, enmity, and isolation conducted by the RS leadership put our people in a position it has never been in in its history—to be equated with those who in

World War II committed genocide against the Serbs. In protection of our legitimate rights, we should not have used the same method as our adversary.

[Stavljani] That is probably an allusion to Srebrenica, to the camps in which non-Serb inhabitants were tortured and killed, especially at the beginning of the war?

[Ilic] I do not have precise figures on that. But the expulsion of the non-Serb population, destruction of houses, shrines, especially where there were no military operations, constitute a crime. There was no need, for example, to destroy the Ferhat Pasha mosque in Banjaluka. And those who demolished it do not know that that mosque was built by Gajko Sokolovic, alias Ferhat Pasha, the brother of Patriarch Makarije and Mehmed Pasha Sokolovic. That mosque was unique in that it had elements of Christianity and was the best witness to the Serbian origin of the Muslims who now call themselves Bosnjaks.

[Stavljani] Will those responsible for those crimes, Karadzic and Mladic are mentioned above all, be remanded to the court in The Hague?

[Ilic] I would make a distinction between those two. General Mladic is a soldier, and soldiers are at the service of the government. I cannot logically accept that Mladic and all the other top officers, who had been trained in the JNA [Yugoslav People's Army], who knew what the law of war is, could act contrary to the provisions of the Geneva Convention. But if it is proven that Gen. Mladic actually ordered the killing of civilians in Srebrenica, then he deserves to be tried, but not by the court in The Hague, but by a people's court, because it is the Serbian people that has suffered the greatest harm from such actions.

It is different with Karadzic. He headed the political leadership and state leadership. He deserves credit for all the good he did. But for all the bad he did, and in my assessment his policy did great harm to the Serbian people, he ought to be accountable to his own people. It is no contribution to the strengthening of peace for mainly representatives of the Serbian people to be called to the court in The Hague, because the other two peoples who took part in the civil war have their own political and military leadership, which are also responsible. With this approach, the international community is playing into the hands of Karadzic by strengthening his position in the RS, because our people are obstinate, and for that reason they give greater support to the person who has been attacked.

[Stavljani] You mention lapses in the policy of the SDS. However, in many assessments it is Milosevic who

created Karadzic and the misdeeds which you mention were committed mainly at the beginning of the war, precisely at a time when there was close agreement between official Belgrade and Pale.

[Ilic] The program with which the SDS won the confidence of citizens in the 1990 elections was proper. It was in large part the program of the SPS as well, and we would support it even today. Unfortunately, as soon as it consolidated its power, the leadership of the SDS began to make mistakes, to move away from that joint policy which it had conducted with President Milosevic. The aim was to protect the interests of our people by diplomatic means, and then, when that was no longer possible, war broke out. Serbia could not leave the Serbian people across the Drina without help. Unfortunately, there was no selection, and there was help for things which should not have been aided. I assume that in Serbia they did not immediately know, for example, that the non-Serbs were being discharged from their jobs or driven from their homes.

[Stavljani] It is said of your party that it is a branch of the Socialist Party of Serbia.

[Ilic] That is not so. The SPS sprang from the former League of Communists [LC] and Socialist Alliance. The SP RS was created as a completely authentic and autochthonous party which has no continuity either with a previous party or with the LC. We, of course, have taken everything that was good from the League of Communists, and we decided to extinguish the committees of the former SDP [(?) Social Democratic Party] which remained in the RS, because the LC of Bosnia-Herzegovina had been transformed, and to transfer their rights and obligations to the Socialist Party, so that only to that extent do we have any connection with the LC.

[Stavljani] The SDS has never been in the opposition. And you operate from the opposition. Your members are even being beaten.

[Ilic] That is right.

[Stavljani] Did you intervene with Karadzic?

[Ilic] We have problems even now. That is, the SDS is in a panic, afraid that it will lose power. It is afraid of the Socialist Party. It is a fact that only the members of our party have been subjected to terrorist attacks, because there is no other way to refer to the throwing of bombs, the planting of explosives, and the beating of our people.

[Stavljani] Did Milosevic call attention to these incidents the last time he talked to Biljana Plavic and Nikola Koljevic?

[Ilic] Yes. But not just on this occasion. President Milosevic has on several occasions called to the attention of the RS leadership that those attacks detract from the image of the Serbian entity with the international community, contribute to destabilization of the situation in the RS, and convince the world that the Serbian people is not mature enough for democracy. Unfortunately, instead of being prevented, those attacks on us have intensified. I think that this is an indicator of the powerlessness of the SDS. This has not had an effect on the conduct of our program. On the contrary, this has won us additional political points and people's sympathies. And what they probably wanted was for us to respond in the same way. However, we decided not to accept that type of struggle.

[Stavljjanin] Tell us something about the media.

[Ilic] The opposition is experiencing a total media blackout. The news media from Serbia are blacked out. TV Belgrade can be seen only to Modrica and even then not very well. The evening news of TV Serbia, which was broadcast at the standard time of 1930 hours, was recently moved to the late hours when people are mainly already in bed. We would have understood if at that time TV from Pale was showing its own news program. However, News of TV Srpska Republic begins at 2000 hours. And they left that time slot at 1930 hours for our people to watch the Croatian or Muslim news. And do you know why? Because on those television stations they can still hear insults against the Serbs. In this way, the SDS leadership is presumably trying to show the Serbian people that it is not possible to live with others, not even in the form defined by the Dayton Agreement, so that the Serbs would again be homogenized out of fear of another nationality. This is being done both by the SDA [Democratic Action Party] and HDZ [Croatian Democratic Union], and thus fear on both sides seems to be used to create once again a situation that we had at the beginning of the nineties, when the war began. I would remind you that the SDS, SDA, and HDZ never dissolved the coalition which they formed in 1990 against the Communists and reformers, not even during the war.

[Stavljjanin] However, you can still watch the programming of Radio-TV Serbia to some extent, and it favors your party. What is your comment on the statement that the state media in Serbia give similar treatment to the opposition here as the media on Pale the opposition there?

[Ilic] I could not equate them. In Serbia, I can find more newspapers in which the government is rudely attacked than those in which it is praised. I agree that state-controlled television is a powerful weapon controlled by

the government. Perhaps the opposition is mentioned in a negative context in the commentary, but news of their activities is carried.

[Stavljjanin] Very rarely.

[Ilic] In the RS, there is no news. Also, I must say that the opposition in Serbia behaves differently than the opposition here. We in the RS want to be constructive, while the opposition there primarily wants to bring down the SPS without offering anything better.

[Stavljjanin] Surely you want to take power?

[Ilic] Of course we do, but not that way. However, there is no government without mistakes, and even the SPS has certain shortcomings, but they cannot be corrected the way the opposition there is operating.

[Stavljjanin] On what grounds would you reproach your colleagues in Serbia?

[Ilic] I would never reject a good proposal in the parliament just because it came from the opposition. By accepting it, the SPS would show its strength, not its weakness. In any case, I do not have the right to speak very critically and analyze the situation there. Help is coming from Serbia to our people here.

[Stavljjanin] To the people or to the Socialist Party of the RS?

[Ilic] To the people, but when it comes to aid to the Socialist Party of the RS, this is mainly moral support and media assistance.

[Stavljjanin] And financial aid?

[Ilic] Not possible, because the situation is difficult in Serbia. There is some support, but it is very modest. On an ad hoc basis. For instance, they have just helped us to print the material for the congress, because we would not have been able to finance it ourselves. Precisely because we are mindful of the financial situation, our congress will be very modest, and the entire organization will not cost more than 100,000 dinars.

[Stavljjanin] Are the Socialists of the Srpska republic actually Milosevic's key trump card in the next election in Bosnia?

[Ilic] Well, in view of what the SPS is doing for our citizens here, if the Socialists in the RS win the election, it will be easier to carry out a joint policy in the interest of the entire Serbian people.

[Stavljjanin] There is speculation that should the Socialists win in the RS, Milosevic would then be still more

responsible to the international community for the situation in Bosnia, which under these circumstances is not a very comfortable position.

[Ilic] That argument can also be turned around. If the SDS wins the election in the Srpska republic, then it will be a fortress around which the opposition from Serbia will gather in order to bring down the SPS and also President Milosevic. [Stavljanin] Will you be entering into a coalition with someone else?

[Ilic] The situation is still unclear, and we think we will not be making a decision on that before August.

[Stavljanin] Are you counting on certain distinguished individuals who are not committed to a party? Specifically, there is mention that Rajko Kasagic, former prime minister of the RS, might come over to the Socialist Party.

[Ilic] If the Socialist Party decides in favor of people who are not its members, then they will above all be figures who in their moral, patriotic, and professional qualities have earned a reputation with the people. We are not counting on people who have been spent up conducting a policy during the war as members and exponents of the government.

[Stavljanin] Does that mean that Mr. Kasagic is spent?

[Ilic] I think that Mr. Kasagic is spent. As the chairman of the Banjaluka Executive Committee, Kasagic was one of Karadzic's most devoted people, conducting a policy which thrust Bosanska Krajina and Banjaluka to the periphery, favoring Pale. Many injustices were done to individual citizens, there were many abuses in use of the housing stock, in the handling of funds, capital flowed out of that region. Karadzic very cleverly played on regional divisions. People have been noticing the disastrous nature of such a policy, but, precisely thanks to figures like Kasagic, it was not possible to oppose it.

[Stavljanin] Nevertheless, the international community and official Belgrade have been supporting Kasagic as someone who cooperates?

[Ilic] Absolutely. Realizing that Karadzic's policy has no future, Kasagic did a flip-flop. He became cooperative, probably hoping to improve his rating. We have no objection to that part of his policy, which we have been supporting on reasons of principle.

[Stavljanin] What other comment would you have first on Kasagic's removal and then on Karadzic's partial withdrawal?

[Ilic] That is one in a series of his moves to hold on to power, although it is clear to everyone who thinks

in political terms that Karadzic was politically dead as soon as the Dayton Agreement was signed.

[Stavljanin] Do you have contacts with parties of similar orientation in the Muslim-Croatian Federation?

[Ilic] In meetings organized by international intermediaries, we have met with representatives of the parties from the federation, but these were mainly polite encounters where no one sat down and we informed one another about the political situation in the other entity. However, we have not had a single official contact. One of the reasons is that the SDS would for the umpteenth time use this to attack us, this time still more fiercely, by saying that the Socialist Party is for brotherhood and unity, for blending the RS into a unified Bosnia, for us to go back to communism. Because of the media blockade, we would not be in a position to deny it.

In any case, as far as we have been able to conclude, Tokic's Social Democratic Union is the closest to us.

[Stavljanin] Do you really want to blend the RS into a unified Bosnia?

[Ilic] We support the Dayton Agreement. That means that we will do everything to strengthen the statehood of the Serbian entity, and we will cooperate with the other entity insofar as that is in our interest and our obligation. We, of course, do not want to be obstinate with the international community. But under the Dayton Agreement we have the right to special ties with Yugoslavia, above all cultural and economic, and we will take advantage of that to work it out so that everything functions the same way in Nis as it does in Banjaluka. I do not know when the conditions will come about for formal unification, but I hope for recognition of the Serbian people's legitimate right to decide one day with whom it wants to live.

[Stavljanin] Are you bringing back communism?

[Ilic] That is ridiculous. What we had cannot return, and nothing in this region will ever be what it was before. We are in favor of a market economy, parliamentarianism, a multiparty system, protection and affirmation of private property, and, in general, for the achievements of Western democracy. We also honor everything that is valuable in our tradition, beginning with the ideas of the first Serbian Socialists such as Vasa Pelagic and Svetozar Markovic. The four S's in the Serbian flag mean this to us: freedom, solidarity, social justice, and creativity. When you put that side by side with the commitment to peace on the one hand and democracy on the other, this is a concept which opens up the way to a prosperous society.

Croatia: Tudjman on U.S. Relations, Ethnic Cleansing

LD0607235596 Zagreb Radio Croatia Network
in Serbo-Croatian 2015 GMT 6 Jul 96

[From speech by Croatian President Franjo Tudjman to Croatian World Congress in Brioni, Croatia, on 6 July]

[FBIS Translated Excerpt] [Passage omitted] We did not demand that all [Serbs] leave Knin and other [Serb-populated] areas [captured by the Croatian Army last year]. The fact that 90 percent of them left is their own problem. They had wanted to rule Croatia and did not want to stay.

Naturally, we are not going to allow them all to return to Knin and western Slavonia. We will allow those in eastern Slavonia to stay, those who have no blood on their hands and who are prepared to recognize the Croatian state, now that they will no longer be able to act as an instrument of a greater Serbian or Yugoslav policy.

This is a way to prove what we are about to this world which accuses us of striving for an ethnically pure state, of inheriting the Independent State of Croatia [Nezavisna Drzava Hrvatska—NDH, the pro-Nazi Croatian state set up in 1941], of being racist, fascist, etc. Therefore, we will prove that we want a democratic solution but that we want Croatia to be sovereign. That is why we have acted in this manner and I believe... [changes thought] ...we are already there in Podunavlje [eastern Slavonia].

The return of [Croatian] refugees is about to begin; some of them are already there. Our police are already there, our flags are flying on the border with Hungary, and they [Croatian police] are being deployed on the River Danube. Therefore, we will have a peaceful resolution in eastern Slavonia.

As far the number of Serbs who will stay [in eastern Slavonia] is concerned, some say that 30 percent of them [Croatian Serbs] will leave while others say that between 60 and 70 percent of them will leave. In any case, full Croatian sovereignty will be established there [in eastern Slavonia].

In these circumstances I would like to ask you as the World Croat Congress which should link up all Croat associations: Direct all efforts of the Croat emigrants so that they know that they have their free, democratic state and that they can be proud of it because it was set up in a democratic way and with military victories when necessary. They can be proud of this state which has been recognized by the world which did not support it. This state is a partner of the United States, the greatest international superpower.

However, we have to be aware that even though we have the best possible official relations with the United States, certain circles in the United States supported Yugoslavia and are working in various ways to direct us there [towards Yugoslavia]. This is because they are a democratic society to the extent that they can have different opinions even when it comes to official politics.

We also have to be aware that the United States have friendly relations with the EU but that in many areas their interests are not the same. These differences between a disunited Europe, it is internally disunited but it is united when dealing with the United States, these different European and U.S. standpoints sometimes affect us Croats too. Many in Europe wanted the Dayton Agreement to fail and to blame Croatia for it.

The case of [Hans] Koschnick [former EU administrator accused of anti-Croat bias] in Mostar is proof of this. Therefore, the situation is very complicated but we are aware of this and we can cope. I want you to inform the Croats abroad about these circumstances. They should represent their state, they should interpret the interests of their state.

Dear friends, our people occasionally, previously some had illusions about the Slav, Yugoslav, Panslav, Austroslavism, internationalism, some of our people here and abroad still believe in certain ideas, unable to see that all state policies are being conducted in the interest of individual states or groups of states.

Croatia: Ambassador to U.S. Interviewed on Relations

AU0707164096 Split NEDJELJNA DALMACIJA
in Serbo-Croatian 5 Jul 96 pp 6-7

[Interview with Miomir Zuzul, Croatian ambassador to the United States, by Ante Gugo; place and date not given: "The United States Is Also Under Pressure Because of Croatia"]

[FBIS Translated Text] Approximately one month ago THE WASHINGTON POST published a personal profile of Miomir Zuzul, Croatian ambassador to the United States. That fact alone shows that his presence in the United States has been noticed, and a brief analysis of Croatian-U.S. relations can also prove it. Unfortunately, the tragedy of the Dubrovnik airport seems to have resulted in a stagnation in bilateral relations between Croatia and the United States. Zuzul explained:

[Zuzul] I would not say there has been any stagnation. There is a certain framework that both sides call partnership, as well as friendly relations. That framework has been defined by developments in Bosnia-Herzegovina

and in other parts of the former Yugoslavia. Within those relations are the bilateral relations, which are going through an intensive development. Relations between Croatia and the United States will be very dynamic over the next few days. A new economic delegation is coming to Croatia, and they will continue the work of the late Secretary Brown. I will take this opportunity to announce their arrival in Dubrovnik on 11 July. Afterwards they will go to Zagreb, where talks about various economic and political details will continue on 13 July. Within the defined framework of cooperation there is also a great dynamic in our mutual relations, which has special significance in the U.S. election campaign. Accordingly, the U.S. presidential elections will reinforce, not weaken, our relations with them.

Presidential Elections

[Gugo] U.S. Croats played an important role in Bill Clinton's victory in the last presidential elections as George Bush's administration was not inclined to support independence for Croatia. Now we have two candidates who both support Croatian independence. Will there be an organized campaign of U.S. Croats?

[Zuzul] It would not be appropriate for me, as an ambassador to Washington, to comment directly on the race between two presidential candidates. However, I might say that this time there is no negative atmosphere among Croats as there was before the last presidential elections. Croats in the United States are deeply aware that this administration has made a crucial step toward peace in this part of the world. They are aware that the United States is counting on the friendship and partnership of Croatia. Regardless of who becomes president, I do not think there will be any significant changes in U.S. policy toward Croatia.

[Gugo] Is it a coincidence that the Congressional investigation into weapons imported from Iran has started at this particular moment and that the media have made a fuss about U.S. Ambassador to Croatia Peter Galbraith's possible involvement?

[Zuzul] No, it is not a coincidence. It is obviously happening within the context of the U.S. presidential campaign. We have tried to stay out of it, and we think it is exaggerated. There is much more sensation than significance in the entire case. The Americans are accustomed to such things during election campaigns. However, the case does show how much attention Americans pay to this part of the world, and that will become even more apparent as the presidential campaign goes on.

Islam and the West

[Gugo] General opinion in Croatia is that Croatia is too small to be a partner of the United States and that the authorities are actually hiding the real situation when they talk about partnership. Can we really be a partner of the leading force in the world?

[Zuzul] I have heard such comments, and I think they are ridiculous. Relationships—business, social, political, bilateral, multilateral, and so on—never stipulate equal strength of the partners, nor equal input. Relations between the Republic of Croatia and the United States are those of a partnership, that is unquestionable. President Clinton has said so loud and clear, and so have other U.S. officials. Clearly, Croatia will never be a great military and economic force like the United States, but that does not stop us from being partners. Our relations are very good at the moment, and our goal is for that partnership to develop into a close friendship. We already have good prerequisite conditions for that. Finally, that is the goal of our entire policy, and that is what I have been working toward in the United States.

[Gugo] What more do you have to do to promote the relationship from partnership to friendship?

[Zuzul] Let us elaborate on the term partnership, which is necessary for the establishment and development of friendship. Our partnership is a consequence of U.S. interest in this part of the world. My personal opinion is that their interest will remain for a long time.

[Gugo] What are their interests in Croatia and Bosnia-Herzegovina?

[Zuzul] When we say the world is a global village, it is not just a figure of speech but a fact. There were predictions that all kinds of disasters would happen toward the end of the century—wars between religions and civilizations—and it almost began to happen in Bosnia-Herzegovina. Personally, the situation in our neighborhood reminds me of a summary of a great book that symbolizes the situation in the world. It is not just about the attitude of Islam toward Western civilization—it is the open question of the future of Russia and the entire East bloc, which nobody can define today. Without the presence of the United States in this part of the world, the future would be even more uncertain. This world is a dangerous place to live in, but it would be even more dangerous if it were not for the United States. The United States has defined its relationship with the EU very well. It is quite clear that the United States will remain in Europe, but in the military sense, it will not be present in EU countries to the previous extent. The U.S. military is likely to withdraw from Europe. Just look at a map of Europe. It

is easy to see the probable directions of their withdrawal. That kind of decision is not made overnight. The United States has permanent interests in Europe, and Croatia is likely to be among the countries the United States will choose to cooperate with in order to promote their interests. I must admit there are certain problems, but even the Americans say they are marginal. We already have good scientific cooperation, and more extensive economic cooperation should soon follow. Everything else will be much easier afterwards.

[Gugo] Can you be more specific about those marginal problems?

[Zuzul] The United States takes pride in its accomplishments in the field of human rights and freedoms. If you are familiar with the situation, you know that ideal conditions do not exist anywhere in the world. However, the United States always tries to promote human rights, and it reacts to certain events in other countries. Our country still needs certain mechanisms to establish responsibility in its development, besides mechanisms to preserve freedoms. In the process of developing our democracy, the United States will appear again—as a partner who will both help and criticize certain processes and events. That is normal in politics. The United States is often under pressure because of its good relations with us, as certain countries are not satisfied with our good relations with the United States. All human rights issues and certain issues from our recent history are used as pressure against us, but the United States has differentiated between reasonable objections and allegations aimed at putting political pressure on us.

Who Is Against Dayton?

[Gugo] What is the U.S. attitude toward the recent events in the establishment of the Federation of Bosnia-Herzegovina?

[Zuzul] The United States strongly supported the concept of the Federation from the very beginning. The Federation was created and helped by the United States. Undoubtedly, they will not give up that concept. So far no one has come up with a better idea, and the general attitude is that it is the best way to achieve lasting peace. Successful implementation of the federation concept will affect relations between the United States and Croatia. The official Croatian policy supports consistent implementation of the Dayton agreements, as it is the best way to guarantee the full protection of Croat interests in Bosnia-Herzegovina. Croatian opportunities to influence the implementation process are limited. The greatest problem is that opponents of implementation often have more aggressive representation, especially in the media. Bosnian Croats often have no way of proving that they are not responsible. Remember the case of

forming the seventh municipality in Mostar? However, world media are on the defensive, and everybody is talking about Bosnian Croats aspiring to certain things that were unacceptable, although international arbitration has shown that Croats were right. A segment of the Muslim government is opposing Dayton, but nobody writes about that. The media are full of misinterpretations of the reconstruction of the Herzeg-Bosnian Government.

[Gugo] Does the United States have mechanisms for putting pressure on a federal partner that violates political arrangements?

[Zuzul] Such mechanisms exist, and the United States is working to develop them because they have realized that the federation concept is too complicated to function without strong pressure from the outside. The Forum on the Federation is the best accomplishment in that field—as has been proven by events in the field after every session of that body.

Protection of Investments

[Gugo] As Croatian ambassador to the United States, you probably have contacts with business circles there. Are U.S. executives interested in investing in Croatia?

[Zuzul] The interest of U.S. business circles in Croatia was mostly promoted by the man who, unfortunately, lost his life performing those duties. Ron Brown managed to arouse the interest of U.S. businessmen in Croatia, but the entire team of businessmen who were to work on the influx of U.S. capital in Croatia died in that accident. The process is continuing now that the initial shock has passed. President Clinton has told me himself that he is interested in seeing that the work of Secretary Brown continue. We expect the arrival of executives in July to be the turning point in the development of our business relations, and several bilateral agreements should be signed then, primarily on the protection of investments. A number of important U.S. companies should make investments in Croatia, and that should be a guarantee of the safety of investments here. We should also arrange certain investments in infrastructure projects connected with the Dayton agreements. At this moment, we are preparing a trilateral contract among Croatia, the United States, and Bosnia-Herzegovina on a joint venture in a number of infrastructure projects. That does not mean that work will begin next month, but it will begin very soon.

Croatia: Granic Welcomes Admission to Council of Europe

AU0507193996 Split SLOBODNA DALMACIJA
in Serbo-Croatian 5 July 96 p 2

[Statement by Dr. Mate Granic, vice president and minister of foreign affairs of the Republic of Croatia, in Zagreb; date not given: "Bosnia—Means of Pressure"—first paragraph is introduction by Bruno Lopandic]

[FBIS Translated Text] On the occasion of the decision made by the Ministerial Board in Strasbourg, Dr. Mate Granic, vice president of the Croatian Government and minister of foreign affairs, has issued the following statement to SLOBODNA DALMACIJA:

"According to a decision of the Ministerial Board of the Council of Europe, from 2 July, the Republic of Croatia is invited to become a full member of the Council of Europe. This invitation clearly announces the achievement of an important strategic objective of Croatian policy and development and is the first complete and full step forward of the Republic of Croatia toward European integration.

"With the same decision, the mechanism of postponement of Croatia's formal admission into the Council of Europe, which had been established by a consensus, also reflects the attempts of some European countries to maintain some additional means of pressure on Croatia regarding the implementation of the Dayton agreements and the functioning of the Federation of Bosnia-Herzegovina, particularly in the implementation of the elections in Bosnia-Herzegovina.

"Although we consider such means unnecessary and inappropriate, Croatia will also in the ensuing period continue to contribute actively to the peace process, as has been proved on many occasions hitherto. Also, the Republic of Croatia is ready to fulfill the obligations toward the Council of Europe, most of all because of its further internal development and affirmation of democratic processes, in line with the highest European principles of democracy, human rights protection, and rule of law, as well as because of the cooperation within a European framework that contributes to overall international peace, stability, security, and development.

"Through its activity as a full member of the Council of Europe, that is, by the proper achievement of its rights, just like other members of the Council of Europe, Croatia will, without doubt, be able to develop more completely its relations with both the European Union and other leading Euro-Atlantic structures and institutions."

Croatia: Tudjman's Office Condemns Globus Article

LD0307172796 Zagreb Radio Croatia Network
in Serbo-Croatian 1300 GMT 3 Jul 96

[FBIS Translated Text] The Croatian president's office has issued a statement on an article in the weekly GLOBUS:

The weekly GLOBUS systematically fabricates scandals without professional journalistic verification in an attempt to upset the public, and it never publishes denials in connection with false statements, as it should.

In the issue of 5 July 1996, in an article headlined "President Tudjman Has Definitely Abolished the Croat Republic of Herzeg-Bosnia," the newspaper presents a series of untruths without verifying them with the participants in the talks, and it is necessary for the office of the president to once again deny the sensational writing of GLOBUS.

At the president's meeting on 2 July with Presidium members of the Croatian Democratic Union of Bosnia-Herzegovina [HDZ BH], firm support was expressed for the implementation of the Washington and Dayton agreements, in particular strengthening the Federation of Bosnia-Herzegovina and its stronger ties with the Republic of Croatia. The position of the Republic of Croatia and the president with regard to the Croat Republic of Herzeg-Bosnia is clear, as the president says in a letter to U.S. President Clinton. The Dayton Agreement envisages the gradual dismantling of the structures of Herzeg-Bosnia, in parallel with the establishment of federal and cantonal authorities. At the end of this process the institution of Herzeg-Bosnia will be completely dissolved.

With the aim of ensuring the stability and security of the Croat people in Bosnia-Herzegovina, it is important that the Federation develops close ties with the Republic of Croatia in accordance with the Washington agreement.

With regard to the defense law, the Croats are a federal partner and advocate the speediest possible adoption of the law in accordance with the agreement reached in Dayton, which envisages a joint staff and command to corps level, and the retention of separate components of the Army of Bosnia-Herzegovina and the Croatian Defense Council [HVO] at lower levels.

It is obvious that the president did not have to ask the Bosnia-Herzegovina Croats to accept the adoption of the defense law, when it is they who are insisting on it, as the president says in his letter to Clinton.

Since Clinton's letter has been published in the Croatian media and is therefore available to the public, it is clear

that there is no place for the claims of the GLOBUS editor about the rather blunt and undiplomatic text of Clinton's letter to Tudjman.

Croatia: Tudjman Said To Order Abolition of 'Herzeg-Bosnia'

AU0307153296 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 3 Jul 96

[Report by Nada al Issa from Zagreb]

[FBIS Translated Text] Franjo Tudjman has ordered the Herzegovina Croats to abolish the so-called Herzeg-Bosnia immediately and accept the Federation defense law.

These claims can be heard today from highly placed sources on the Croatian political scene following yesterday's meeting between Tudjman and the Bosnia-Herzegovina Croats. The normally very well informed GLOBUS weekly today carries a large headline: Tudjman Abolishes So-Called Herzeg-Bosnia. Unofficial confirmation of this can even be heard in the presidential palace itself.

This decision is quite likely, following Clinton's letter to Tudjman three days ago, in which he sharply and without mincing words demanded the abolition of the parastate and the immediate passing of the Federation defense law, which, as Clinton himself noted, was opposed by the Herzegovina Croats, since it envisages the unification of the Bosnia-Herzegovina Army and the Croatian Defense Council [HVO], that is, the disappearance of the HVO as an autonomous military structure.

If Tudjman really has abolished the so-called Herzeg-Bosnia, it is still a sudden decision made hastily since—let us recall—just a few days before the letter from the United States the government of this parastate was reshuffled, and the Herzegovina Croats rejected the Federation defense law. All this could not have happened without the blessing of the presidential palace. Because of this, Zagreb was again accused by the international community of obstructing the Federation and having territorial pretensions toward a neighboring state. The membership of the Council of Europe was again postponed. Croatian policy toward Bosnia-Herzegovina is the main reason for the constant delays in accepting Croatia into European integration processes. The Zagreb mayoral crisis and the problematic freedom of press are side issues in comparison. Croatia was clearly told in Brussels and in Clinton's letter that the international community would isolate it until it accepts the reestablishment of a territorially integral Bosnia-Herzegovina.

The first and best step toward that is the abolition of the so-called Herzeg-Bosnia.

Croatia: Background to Herzeg-Bosnia's Abolition Discussed

AU0507192296 Zagreb GLOBUS in Serbo-Croatian 5 Jul 96 p 2

[Commentary by Davor Butkovic: "President Franjo Tudjman Has Abolished the Croatian Republic of Herzeg-Bosnia"]

[FBIS Translated Excerpt] The meeting that President Tudjman held on Tuesday morning, 2 July, with the most influential Croatian politicians from Bosnia-Herzegovina formally marked the abolition of the Croatian republic of Herzeg-Bosnia, which was founded as the Croatian community of Herzeg-Bosnia four years ago.

At the meeting the president was accompanied, in addition to Ivo Sanader, his chief of staff, and the politically insignificant Ivan Valenta, secretary general of the Croatian Democratic Union [HDZ], by Defense Minister Gojko Susak and Ivic Pasalic, Tudjman's advisor for interior affairs, who are two prominent figures of the HDZ's right-wing faction.

Such a composition of the Croatian state and party delegation not only confirms the theory, frequently denied in public, that the state policy of Zagreb on the Croats in Bosnia-Herzegovina is almost exclusively controlled by the HDZ right-wing faction and Defense Minister Susak, but has also stressed the importance of the meeting, treated routinely by the media, in which the only outsider was Valenta, who had to come to the Presidential Palace that morning only because of his high position in the party.

The day before Tudjman's talk with Herzeg-Bosnian officials, a meeting of the Council for Defense and National Security [VONS] was held at which, most probably, the decision was made on the formal abolition of Herzeg-Bosnia, although this was not mentioned in a statement subsequently issued.

Two days before the VONS meeting, on Saturday evening, state television carried the full text of Bill Clinton's letter to Franjo Tudjman, giving it a very fair presentation.

In that letter Clinton, as is known, expressed concern about the political situation in Bosnia-Herzegovina, and effectively demands that Zagreb abolish Herzeg-Bosnia and exert influence on the Croats finally to endorse the Defense Law of the Federation of Bosnia-Herzegovina, which eliminates the Croatian Defense Council [HVO] as a completely autonomous military structure.

Only three days later, President Tudjman states that he is ready to meet Clinton's demand. In the statement issued after Tudjman's meeting with Herzegovina politicians, it is literally said that the Defense Law of the Federation ought to be passed as soon as possible.

The Isolation of Croatia

The rather harsh and undiplomatic text of Clinton's letter to Tudjman was a coup de grace in the most recent international isolation of Croatia, the most serious one since the Croat-Muslim fighting ceased following the Washington agreement.

A number of other elements of that isolation have arisen over the past two months. First, Croatia was not admitted to the Council of Europe at the announced time, while now the procedure of admission has been postponed until October. At almost the same time Croatia found itself under increasingly strong pressure to extradite suspects indicted for war crimes to the tribunal in The Hague. Furthermore, Butrus Butrus-Ghali recently submitted a report in which he referred to the current state of human rights in Croatia, severely accusing the authorities of persecuting Croatian Serbs (this report of Ghali's, for the most part, is considered accurate even in some Croatian diplomatic circles).

The decision of the Council of Europe, as well as the content and tone of Clinton's letter, show that Croatian diplomats were right when they claimed, after the initial failure to accomplish Croatia's definitive admission to this institution, that the greatest obstacles were neither the crisis in the Zagreb authorities, caused by Tudjman ignoring the election results, nor the lack of freedom of the press, as shown by the trial against the chief editor of FERAL TRIBUNE, but rather the responsibility of the Croatian state policy for the situation in Bosnia-Herzegovina. [passage omitted]

Herzegovina—A High-Risk Factor

Obviously, the Croatian state leadership is not able to face even a temporary cessation of Croatian dominance in the part of Bosnia-Herzegovina under the control of the Croatian armed forces.

Only recently, when it became clear that both the freedom of the press and the issue of Zagreb's mayor are just marginal questions that serve as an excuse for putting pressure on Croatia until Tudjman agrees, at least formally, to the restoration of a unified Bosnia-Herzegovina, the president decided to take some more serious steps, although it is, perhaps, too late.

However, the most important thing is that on Tuesday, 2 July, at the meeting in the Presidential Palace,

the Herzeg-Bosnian officials were ordered to abolish Herzeg-Bosnia.

The gradual implementation of the decision on the abolition of Herzeg-Bosnia will facilitate Croatia's international integration and attenuate the severe American criticism of Croatian policy on Bosnia-Herzegovina (we have to point out that until recently Croatian politicians were boasting of their partnership with the United States).

However, this decision will considerably diminish Tudjman's popularity in Herzegovina, being the only ethnic Croatian region where the HDZ enjoys an almost unchallenged support of voters.

Tudjman is today in the most difficult political situation since the formal armistice in the liberation war came into effect on 3 January.

He and his party have never enjoyed less support among the voters than they do now.

All the major problems that he began to face after the election results last year are now becoming even graver, for the country's economy is still not recovering, while the international position of Croatia has considerably deteriorated.

The abolition of Herzeg-Bosnia is weakening his influence in Herzegovina, where he has always been, except for 1989 and 1990, more popular than in Zagreb or other major Croatian cities.

Tudjman indeed has to abolish, at least temporarily, the state institutions of the Bosnia-Herzegovina Croats. The end of September—the date of Croatia's entry into the Council of Europe (and thereby, indirectly, into other international organizations)—was not randomly chosen. By that time the result of the elections in Bosnia-Herzegovina will already be known and one will be able to assess the political future of that state.

Croatia's international status does not depend on whether or not certain newspapers are banned or whether some opposition leader is elected Zagreb's mayor, and not even on the destiny of Jasenovac memorial as the place of Croatian-Serb-Jewish reconciliation, but rather on Croatia's decisive attitude toward the state integrity of Bosnia-Herzegovina.

With the abolition of Herzeg-Bosnia on Tuesday 2 July, Tudjman has shown, after a series of inadequate moves, the responsibility of a statesman deserving respect, but thereby he has endangered his own position in domestic politics, where he is no longer supported by anyone, except those who follow him for their own personal reasons.

Croatia: Reintegration Said Not Possible in Next 6 Months

AU0807091896 Belgrade BETA in Serbo-Croatian
1625 GMT 7 Jul 96

[FBIS Translated Text] Kragujevac, 7 Jul (BETA)—Vojislav Stanimirovic, president of the Executive Council of the Serb District of East Slavonia, Baranja, and Western Srem, stated today that the process of reintegration of the Serbian district into Croatia cannot be completed in the next six months.

In the Hallmark of Time program of Radio Kragujevac, Stanimirovic said that "numerous institutions cannot agree to such a rapid transition into the constitutional and legal system of Croatia, as envisaged by the resolution of the UN Security Council."

He expressed the belief that the Serb district will be included in the local elections in Croatia that will be held in the autumn "in such a way that the elections for our local self-rule will be held simultaneously with the local elections."

"Croatia will be forced to pass a law on general amnesty that will amnesty everybody but the war criminals over the next month and a half, because this is a sheer manipulation of the people," Stanimirovic said in light of the international community objections to the amnesty law for the Serbs in Eastern Slavonia that was passed in Croatia recently.

Croatia: Belgrade Press Reports Croatian Deployment in Slavonia

LD0507133796 Belgrade TANJUG in English
1314 GMT 5 Jul 96

["Pool" item]

[FBIS Transcribed Text] Belgrade, July 5 (TANJUG)—The Belgrade daily POLITIKA EKSPRES said Friday

that the world community's efforts to resolve peacefully the issue of the Serb region of eastern Slavonia, Baranja and Western Srem did not suit Croatia.

The paper said that, assisted by the U.N. Transitional Administration in Eastern Slavonia (UNTAES), Zagreb had launched a military and police operation which it had prepared as far back as October 1995.

About 2,500 elite troops of the Croatian Army and police have been deployed along the border of the Serb region as well as two notorious guards brigades called 'Thunderbolts,' the paper said.

The paper said Croatia's secret service had been entrusted with a special task in the operation. Its task is to set fire to houses and various facilities, plant bombs and liquidate a number of Croats and ethnic Hungarians in a short period of time.

In doing so, the secret service will be assisted by agents in the field and terrorists that infiltrate into the region from Croatia and Hungary.

These terrorist actions are to serve as an excuse for Croatian troops' aggression against the region that will be launched under the pretext of protecting the Croats living in the region, the paper said.

FYROM: Skopje Not Participating in Sofia Conference*LD0507214796 Belgrade TANJUG Domestic Service in Serbo-Croatian 2042 GMT 5 Jul 96*

[FBIS Translated Excerpt] Skopje, 5 Jul (TANJUG)—Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] will not take part in the conference of foreign ministers of southeast European countries, which is to be held on 6th and 7th July in Sofia, as its proposal that it be presented at the conference under its constitutional name—the Republic of Macedonia—has been rejected, it was said in Skopje this evening.

A statement by the Foreign Affairs Ministry explained that Macedonia's giving up participation in the Sofia conference was prompted by the fact that at today's preparatory meeting only Greece, among all the participants, did not accept a compromise solution suggested by the host—that the name plates of the participants show only ministers' names and flags of the countries. [passage omitted]

Macedonia insisted that its delegation take part in the conference of foreign ministers of southeast European countries under the country's constitutional name of the Republic of Macedonia and not under the temporary name of the Former Yugoslav Republic of Macedonia.

FYROM: Greece's Pangalos on Skopje's Decision on Meeting*NC0607181796 Athens Elliniki Radiofonia Radio Network in Greek 1700 GMT 6 Jul 96*

[FBIS Translated Text] Foreign Minister Theodoros Pangalos, who is participating in the conference of foreign ministers of southeast European countries, described the Skopje [The Former Yugoslav Republic of Macedonia—FYROM] decision to depart from the conference as a mistake. Pangalos added that Greece hopes for the FYROM to join the international community as soon as possible and also expressed the hope that Skopje will correct this mistake.

Finally Pangalos said that the possibility of him meeting with his Skopje counterpart Ljubomir Prckovski will depend on whether there is progress at the New York talks on the name issue.

FYROM: Participation in Sofia Summit Viewed*AU0507141096 Skopje NOVA MAKEDONIJA in Macedonian 4 Jul 96 p 2*

[Commentary by Zoran Andonovski: "On the Brink of Failure"]

[FBIS Translated Text] It would not have been possible to choose a less appropriate time for a meeting of the Balkan countries' foreign ministers in Sofia than is scheduled this weekend. The meeting is scheduled at a time when not only Videnov's government in Bulgaria is facing serious political and economic problems, but the situation in most of the invited countries (Albania, Turkey, Greece) is far from ideal: Albania, because of the controversial elections and the resignation of Prime Minister Meksi and the foreign minister, Turkey is disturbed with a crisis in the government, Greece has not calmed down after the PASOK congress, and Greek Foreign Minister Pangalos has not addressed the public for a long time. At the same time, the participation of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is still uncertain because Greece is insisting on the "former" name.

So, the ones that are "sure" are Bulgaria (the host), the Federal Republic of Yugoslavia, Greece, and—Romania. With the exception of the last, which regularly attends all such meetings, the other countries have always aspired to the leading position in the Balkans and they are the ones that are now strongly "pushing forward" the ministerial meeting. That is why the answer to why they are insisting so much on a meeting when there are problems at the outset and why it has not been postponed to some better and calmer times is ambivalent. First, it is evident that Bulgaria has a lively interest in this meeting (that is why it is insisting on it so much) in order to lift its rating in the world, which has fallen to a dangerously low level following the open dispute between the prime minister and president and because of the "uncertain" position of Bulgarian foreign policy, which is turned toward the West while not leaving the East. Second, Bulgarian Foreign Minister Pirinski needs this Balkan ministerial summit if he wants to be launched as presidential candidate.

What is not easily spotted, and what all countries' diplomacies feel, is the subtle pressure of the West to hold this meeting. The regional approach to this region, which has been promoted for a long time by the EU and the United States, is therefore confirmed. However, regionalism as a continuation of the familiar regional "manifestations" such as Alpe Adria, the Central European Initiative (CEI), and the association of countries of the Black Sea should not be taken a priori as something negative—the EU actually grew out of a kind of

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regional cooperation. In this sense, the real question is whether the Sofia meeting and its monologues by the present ministers (there will not be any "discussions" among them) will lead to something new or whether it will go down in history the way the preceding ones have, as a show with a lot of protocol and photographs, but without substantial content. It is true that sometimes a joint presentation is a good start for something more ambitious to follow, but if it is incomplete—it is not very promising.

The benevolence of the EU and the United States toward the meeting—with or without Macedonia and with Slovenia and Croatia as observers—is only due to the hope that such a meeting can contribute to the intensification of the new political and geographical reality in the Balkans, in this case depicted as a territory "from Jasenice to the Bosphorus." Nevertheless, the biggest news in this reality that differs from the previous conferences is that Macedonia will appear as an independent state. If the ministerial meeting passes without us and if we are not allowed to represent ourselves with our constitutional name, it will be more of a negative connotation for the organizer than for Macedonia. Of course, Macedonia will miss the opportunity to present itself at such a meeting as an independent state for the first time instead of being represented by somebody else. Macedonia is surely interested in presenting itself in Sofia irrespective of how productive the meeting actually is, but it is also a fact that it cannot accept a "Balkan promotion" and be presented as "former." It is up to the organizer and the other participants to decide, but it seems that the uncertainty related to our participation will last until the beginning of the ministerial summit.

However, it is necessary to note (and the participants probably understand this as well) that it is neither a problem nor a priority for Sofia to have Greece. It would have been of the utmost importance if relations in the Aegean and the dispute with Turkey had to be discussed. In this way, without having any pretensions, a Balkan meeting, which is the first one following the turbulences in the peninsula, will be on the brink of failure if the new independent state that has been the cause of many conflicts in the past is left out.

FYROM: Unit To Be at NATO Exercises in Albania
LD0607094396 Belgrade TANJUG Domestic Service
in Serbo-Croatian 0052 GMT 6 Jul 96

[FBIS Translated Excerpt] Skopje, 6 Jul (TANJUG)—A Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] company of professional soldiers (91 soldiers and officers) is to take part in multinational NATO maneuvers within the Partnership for

Peace initiative in Albania between 14 and 21 July, it has been confirmed in Skopje.

The exercise, called "Peace Eagle 96" will involve the Armed Forces of the host nation, the United States, Italy, Greece, Turkey, Bulgaria, Romania, Macedonia, and Slovenia. This will be the first time that a Macedonian unit takes part in an exercise abroad. [passage omitted]

FYROM: Dissatisfaction With EU Agreement Analyzed

AU0307130096 Skopje NOVA MAKEDONIJA
in Macedonian 29 Jun p 13

[Commentary by Zoran Andonovski: "End of the Honeymoon"]

[FBIS Translated Text] It is becoming more and more apparent that Macedonia's [The Former Yugoslav Republic of Macedonia—FYROM] honeymoon with the rest of the world has ended. We are no longer facing the risk of the war spreading and we have lost our exclusive position. We are now treated as an equal among the equals, but we are treated according to the objective power of the country. This confirms the prediction that with the cessation of the war international interest in Macedonia would weaken, as would its negotiating position. The last test was the negotiations and recently signed cooperation agreement with the EU.

We must admit once again, and must always take it into the account when we judge the success of any negotiations, that Macedonia is objectively in a weaker position, not only when it negotiates with a giant such as the EU, but also with any of its neighbors. Actually, every one of our diplomats—negotiators—who sits down to negotiate instantly knows his place and power. It is another question whether we should have hurried up, whether the assessments were correct, or how useful or damaging it would have been for us to sign the cooperation agreement with the EU by directly handing over a letter for the sake of avoiding the deadlock over the name, which was another Greek, and not European condition. However, we must take into the consideration the opportunity that the agreement opens to us—an opportunity that will depend solely on how we make use of it.

After having established the first relations with the club of the most developed countries in Europe, it became apparent that Macedonia was exposed to pressure focused on two points: Name and region. As is normal, we will not give up the name. We are in a stalemate in which there is neither a winner nor a loser: They are making the agreements with the FYROM, while we are accepting them with a letter in which we call ourselves

the Republic of Macedonia. Greece's pressure has produced partial results: While "Republic of Macedonia" is easily accepted in our correspondence with the world and "Macedonia" is a term that is used unofficially by foreign guests and diplomats, the formal term continues to be the reference that has become hideous to us. On the other hand, the fact that it is insisted that Macedonia is a part of another region (in the same basket with Serbia, Montenegro, Bosnia...) is done first of all out of practical reasons for Europe, which is obviously not abandoning this view, while our actual fear comes from the possibility of institutionalizing such a view and pressure.

However, we are the only ones to blame for the fact that the satisfaction with such an important agreement—the cooperation agreement with the EU that was signed in Brussels last week—lasted only as long as a newspaper lasts—one day. The Balkan reasoning and logic was reactivated and some accepted it cautiously, others sharply. We saw just a few expressions of satisfaction, cautious relief among the negotiating team, and a lot of frontal attacks by the opposition saying that the way it has been signed, the agreement is unfavorable for Macedonia. All this happened in a situation in which almost nobody says what the "unfavorable" is actually about (something that we could allegedly have evaded) and the contents of the agreement are not widely known. The claims that the previous agreement was more favorable for us is understandable from a party promotional aspect, but the fact is that such an agreement was never signed. The shelves are full of favorable agreements covered with dust, and other countries' experiences show that the signing of the cooperation agreements is not in itself a guarantee of the intensification of relations with and closeness to the European Union.

Nevertheless, let us list a number of facts:

We are asking to establish relations with the EU and nobody is forcing us to. It is clear that the EU has offered us an agreement that differs from those it offered other candidate countries. The text of the agreement is quite restrictive, and in the first version there were even some parts that were offensive for us. All this happened because the EU was shaken in the meantime, because it started to consider its own future and the solutions that it had applied with the other countries. The cooperation agreement is valid for four years, and it has the chances of growing into an association agreement, which is still far from the status of full membership.

Now, to say that this is "the most unfavorable agreement with the EU" implies that the negotiating team, that is the Macedonian Government, deliberately signed a

bad agreement although it could have done better, or it implies that it was tricked and that it could not return to the European negotiators. This and the claim that we managed the maximum and that we have got a perfect document, are totally extreme poles and as such—they have little in common with reality.

FYROM: Albanian Parties Threaten 'Political Crisis'

AU0407143896 Skopje Radio Macedonia Network in Macedonian 1330 GMT 3 Jul 96

[Report by Dragan Antonovski—recorded]

[FBIS Translated Text] We are asking for protection, or else we are going to destabilize Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], creating a deep social and political crisis that will culminate this month, announced the organizers of tomorrow's protest meeting of the Albanian political body in Macedonia, from which the Party for Democratic Prosperity has been excluded. Dragan Antonovski reports on today's news conference:

[Antonovski] The political parties and associations of the Albanians in Macedonia have announced a protest meeting in Tetovo and in many other places in western Macedonia, as well as in Bonn, Geneva, and the United States. This, they say, will be a protest against the announced imprisonment of their foremost representatives, Fadil Sulejmani, Miljam Fejzi, Musli Halimi, Nevzat Halili, and Arben Rusi who are charged over their activities regarding the so-called Tetovo university last year. In their opinion, the Albanians' lives are in danger, they are unprotected in all spheres of life, and their values are being destroyed, particularly in interethnic relations. As they say, the mistakes of this government will culminate in a deep social and political crisis this month when the above-mentioned leaders will be prosecuted. These detentions are definitely destroying the good will of the Albanians, and they reaffirm the belief of the Albanians in Macedonia that they have no prospects. They also announced a parliamentary crisis—that the Albanian members will leave the assembly—and also threatened to block the work of the assembly.

The people who attended the news conference protested that there were no provisions for translation into Macedonian, and the self-proclaimed president of the Tetovo university Fadil Sulejmani, who proclaimed himself the Macedonian Galileo today, emphasized that there are five Macedonian professors teaching at his university and receiving salaries of 400 German marks. He pointed to Professor Dimitar Gacov, who gives wonderful lectures in the German language department at the so-called Tetovo university. In his political speech, the self-

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proclaimed president of the university said that if any conflicts or incidents with the police occur tomorrow, the only guilty will be... [changes thought], he says that he is not obliged to provide for translation into Macedonian, there being nothing in the Constitution that would force him to do so. He then said:

[Sulejmani] The country is led by a communist group. That group has not changed and it is headed by Gligorov. If we do not find understanding, we will form parallel institutions.

[Antonovski] The president of the PDPA [Party for Democratic Prosperity of Albanians], Arben Dzaferi, emphasized that they will not allow journalists' security to be endangered, and the PDPA vice president, Menduh Taci, said that the protests, both here and abroad, are aimed at creating a political crisis in Macedonia and focussing the world's attention in order to achieve a basic solution to the Albanian question.

Poland: Kwasniewski Interviewed Before Visit to U.S.

WS0507145696 Warsaw GAZETA WYBORCZA
in Polish 5 Jul 96 p 3

[Article by PAP, "PST": "President Aleksander Kwasniewski Gives Interview Before His Visit to the United States; Enlarge NATO, Not Dissolve It"]

[FBIS Translated Text] *"We expect NATO to incorporate us in the entire European security system; we expect guarantees. We are ready to share the responsibility and to take the risks this entails," the president said yesterday.*

Today Aleksander Kwasniewski is leaving for the United States. In Washington he will meet with Bill Clinton. The two presidents are discuss NATO expansion. Yesterday Kwasniewski gave an interview to PAP: "Our contribution to NATO is the extremely important extension of the entire European security system to a vital portion of our common continent [as published]; other contributions are the well-organized military structures, which may play a role in difficult situations, enthusiasm, and the conviction that this Europe still has stamina, that it is creating a situation that brings us closer to the vision of a continent without conflicts and that can reconcile German, Russian, British, French, and Polish interests," the president said. "We must answer the following question: Are we building a new, NATO-based system of European security (which means that we are expanding), or are we trying to find something new and liquidating NATO as a relic of times gone by? As a realist and pragmatist, I believe that the decision should be as follows: NATO expansion."

"Being part of alliance agreements is not a new thing to our soldiers and generals: We have already been part of the Warsaw Pact. Where their cadres, level of training, and flexibility are concerned, the Polish Armed Forces are comparable to the armies of other states."

"The important issue that made our relations with NATO more difficult in the past no longer exists. I am referring to the principle of civilian control of the armed forces. The fact that I have signed the law on the defense minister and on treating the General Staff as part of the National Defense Ministry, which was called into question by my predecessor in office, is seen as a turning point in the implementation of this principle."

Poland: Politicians, Media on Russian Elections

WS0507143496

[FBIS Report] On 5 July major Warsaw vernacular dailies carry commentaries and reports on reactions of

politicians to the outcome of the Russian presidential elections.

SZTANDAR, an independent daily, carries a 500-word report signed "(isz, pg, gw)" under the title "Polish Politicians Comment for SZTANDAR: To the Right!" Andrzej Olechowski, former foreign minister and current leader of the 100 Movement, is quoted as saying: "I am happy that having the alternative of a lame democracy or a system reminiscent of fascism, the Russians ultimately chose the first option." Bartlomiej Sienkiewicz, deputy director of the Eastern Studies Center, told the daily: "It should not be concluded that Russia's foreign policy will dramatically change... It is determined by the economic crisis. Social preferences will nevertheless definitely fuel Russian protests to NATO enlargement." Andrzej Zakrzewski of the Lech Walesa Institute does not "predict any change on the political plane." He adds: "The postulate of improving political relations with Russia is sensible. It is wrong, however, to claim that the only problem is Russia's veto of NATO expansion. Conflicts of interest are visible, for example in our relations with the former Soviet republics." Longin Pastusiak, deputy chairman of the Sejm Foreign Affairs Commission and a member of the Democratic Left Alliance, says: "There are grounds for optimism in the fact the elections took place. As we all know, NATO postponed its decision on enlargement until the Russian elections were over." Bronislaw Geremek, chairman of the Sejm Foreign Affairs Commission and a Freedom Union [UW] leader, points out that "one positive outcome of the elections is that threatening NATO has proven ineffective." He adds that now "we may expect the West to make the decision to enlarge. It is in the interest of the alliance to give an answer soon, because any neoimperial appetites Russia may have for the 'gray zone' are not exclusively Poland's problem." Janusz Dobrosz, deputy chairman of the Polish Peasant Party parliamentary club, notes: "We should develop friendly relations with Russia regardless of who has won the elections, especially as NATO expects them to be good." President Aleksander Kwasniewski is quoted as saying at a meeting with businessmen: "The situation in postelection Russia has become clearer." He said "President Yeltsin is friendly toward Poland and Europe and is carrying out a personal mission of leading Russia into the family of civilized, democratic states." The president considers the current situation "calming."

TRYBUNA, a leftist daily supporting the governing coalition, carries on page 6 a 750-word report by "W.D." entitled "According to Polish Politicians, We Will Wait for the Fruits..." on a conference organized by the Radio News Agency. Janusz Onyszkiewicz, a UW deputy,

says he feared "these elections do not give much ground for hope as for the trends of change in Russia or its stability." "I believe," he goes on, "that the Russians chose between almost certain destabilization if Gen-nadiy Zyuganov won and possible destabilization in the event of Boris Yeltsin's victory." Onyszkiewicz projects what might happen if Boris Yeltsin was forced to withdraw from political life because of his health: "A battle for power would then probably be fought between those craving succession or influence. General Aleksandr Lebed might play an important role. He has already tried to reach for a large amount of power, especially for control over power ministries." Andrzej Ananicz of the Lech Walesa Institute believes "we can expect the current structure of power at the Kremlin to remain unchanged. It will continue to be based on a very delicate balance and mutual control between various groups of interests." Andrzej Drawicz, the prime minister's eastern policy aide, points out: "The basic fact that has to be stressed is that these elections prove the democratic process in Russia is moving forward. Huge progress has taken place since the elections started. Scenarios providing for unrest, threats to public order, attacks, explosions have not come true." He adds: "Despite the fact that the Yeltsin campaign violated all democratic rules, that all the media—including the state-owned—supported one candidate, it is opportune that the Russians received a big lesson in history. Documentaries and programs shown on television revealed the truth about communism to many Russians, who could have really learned a lot. I hope this education of the citizens will bear fruit." "Yeltsin's victory," says Drawicz, "does not pose any threat to international relations. We should not fear firmer resistance to our pro-West aspirations. If we are consistent, we might succeed in persuading Russia that this does not pose any danger to its security."

Jan Olszewski, chairman of the Movement for an Independent Poland, says "everything that happened before the second round did not have much to do with democracy." He adds: "State propaganda practically had a monopoly on access to voters and practically covered Zyuganov and his camp, his entire election apparatus, with a dark cloth of sorts. He simply did not exist." "The big losers," Olszewski goes on to say, "are the Russian democrats, particularly Grigoriy Yavlinskiy. He and his camp have been practically marginalized. The winner is General Lebed. An institutional change is behind that. Russian generals have gained an authentic spokesman at the top level of power."

On the same page, TRYBUNA publishes an untitled 400-word commentary by Professor Wojciech Lamentowicz, undersecretary of state at the Presidential Chancellory. Lamentowicz writes: "I believe Viktor Cher-

nomyrdin will keep his high position, as will the group representing economic interests, among them the entourage of Yuriy Luzhkov, the mayor of Moscow, which is gaining political influence." "As for the so-called power ministries and the control General Lebed exerts over them," the professor continues, "the situation is far more complicated. The general played a very important role in the final stage of the election campaign by helping Boris Yeltsin win." Lamentowicz adds: "As for the basic trends of Russia's foreign policy, I do not expect any major changes." He concludes: "There are chances for a calm, open, substantial dialog without any dramatic crises. We have to respect our partner and consistently develop bilateral relations."

GAZETA WYBORCZA, a center-left daily, carries on page 7 a 450-word commentary by Leopold Unger entitled "Turn of Fate." The author states: "After all, 30 million Russians voted against Yeltsin. The temptation to ignore the masses orphaned by Zyuganov or even to drive tanks over them will be great. Such a risk is very real. The fight for succession after the living Yeltsin broke out immediately, on Thursday. At the dawn, although it was more like a 'high noon' situation, Chernomyrdin and Lebed are already standing face to face, or back to back rather, drawing their guns. And the corpse is still warm." Unger concludes that from now on "everything is in the hands of the Russians. Once ballots are in the box, no complaints are considered."

RZECZPOSPOLITA, a centrist daily widely read in government circles, carries on page 5 a 350-word commentary by Jan Skorzynski under the title "Yeltsin and the Polish Cause." Having noted that the presidential elections in Russia had been the hottest topic for Western statesmen for months, Skorzynski says: "A bystander could have sometimes had the impression that the number one goal of the West was to protect the Kremlin against Zyuganov. First, do not harm Yeltsin—such was the unwritten rule of political correctness in the weeks preceding the answer from Moscow. The leaders of the United States, Germany and France went further: they considered it necessary to announce who they thought was best fit to rule Russia, as if Clinton's or Chirac's support could have convinced Russian voters—allegedly nationalist and anti-West—to vote for Yeltsin." "That is why," the commentary continues, "the enlargement of NATO was suspended. Concrete decisions on admitting new members to the alliance had to be put off at least until the presidential elections in Russia were over." Poland's emissaries heard in European capitals. That argument never sounded very convincing in Warsaw. Today it is no longer warranted. The time has thus come to remember those pre-election assurances." Skorzynski points out: "President Kwas-

niewski's U.S. visit, which is just beginning, will provide an excellent opportunity for that. The Polish president might ask Bill Clinton for more than general declarations that NATO will expand. This is very opportune timing for the Polish cause. The next few months—between the Russian vote and the presidential elections in the United States—should be a time of heightened activity on the part of Polish diplomats. Both the stability Yeltsin guarantees and the sensitivity of candidates for the White House to postulates raised by U.S. citizens of Polish extraction prior to the elections work in our favor."

Poland: Further on Possibility of Providing Tanks for Bosnia

WS0807085996 Warsaw SZTANDAR in Polish
4 Jul 96 p 3

[Article by Wojciech Luczak: "Surplus T-55 Tanks Were To Go to Bosnia"]

[FBIS Translated Text] In the near future, most probably next week, after further consultations between the Ministry of National Defense and the Ministry of Foreign Affairs are completed, the government will take up the issue of possible sales of Polish tanks to the Bosnian Armed Forces, which are currently undergoing reorganization (the UN embargo on arms supplies for Bosnia expired on 18 June).

As we unofficially learned, during the recent NATO workshop held in Warsaw, Washington, having assumed an obligation to train and equip the new Bosnian Armed Forces, suggested that Poland supply several dozen T-72 tanks to Sarajevo. The transaction was to be carried out by the Bosnia Training and Equipment Fund established by the Americans.

For the past two weeks, the U.S. offer has been the subject of confidential talks in several ministries. A decision was made to keep the issue secret once it was concluded that sending tanks to one of the sides in the Bosnian conflict might render the Polish IFOR [Implementation Force] battalion stationed in the line of fire vulnerable to a revenge attack from the other party.

We learned, however, that an offer was made to the Americans to supply antiquated T-55 tanks, which used to be manufactured in Poland by Bumar-Labedy. Several dozen of them continue to be used by many armored divisions of the Polish Armed Forces.

Almost new tanks from strategic reserves, which our Armed Forces would gladly get rid of, were offered for the Bosnians. The Bosnia Training and Equipment

Fund, however, insisted on the T-72 model. The Armed Forces do not have many of these in stock.

Bumar-Labedy currently produces M-91 Twardy tanks, which have quite a different fire-control system and armor and electronic equipment from what is on the standard T-72's. The Twardy, moreover, has a slightly modified engine. The vehicle is thus far more expensive than the plain T-72's the Americans asked for.

Poland: Defense Official on Military Purchases

WS0307141396 Warsaw SZTANDAR in Polish
2 Jul 96 p 4

[Interview with Krzysztof Wegrzyn, deputy defense minister for armament and military infrastructure, by Wojciech Luczak; place and date not given: "Fighter Planes of the Future"]

[FBIS Translated Text] [Luczak] All the time we are being bombarded with offers from aviation companies which suggest that Poland lease from them used F-16 or F/A-18 planes. The companies also offer to sell us new multipurpose combat aircraft. At what stage of selecting the jet plane of the 21st century are we now?

[Wegrzyn] No decision has been made as yet. For the time being, an appropriate commission has determined that in the near future we will need new multipurpose combat aircraft...

[Luczak] Are you talking about General Robelek's commission?

[Wegrzyn] Yes, I am. This commission is chaired by General Robelek. Moreover, it has specified the requirements which the new aircraft ought to meet. Actually... this is all that has been done so far. Nonetheless, potential suppliers are launching their offensive right away. We look upon their onslaught as an attempt to tell us what they can do. For the time being, we are not collecting offers. To be able to do that, we will have to send manufacturers questions concerning their offers. These have not been sent to anyone yet. It has not been decided yet whether we are already getting off the ground with the program of purchasing new aircraft or we prefer to lease used planes. Right now, we are preparing a specific procedure; we are certainly taking into consideration the purchase option. We are working on detailed questions regarding manufacturers' offers. This means that we are still at the stage of working on appropriate documents.

[Luczak] I gather that for the present has been no talk about earmarking specific sums of the state budget's money for this purpose?

[Wegrzyn] The decision to start the purchase procedure must not ignore our financial capabilities. In line with the resolution passed by the Sejm on 16 February 1996, we are preparing a five-year plan of modernizing our Armed Forces. I believe that in order to start the entire procedure related to the multipurpose aircraft project, it must first be thoroughly prepared and then compared with the financial capabilities of our country.

[Luczak] However, rumors are circulating that during one of President Kwasniewski's visits to the United States in July, an absolutely revolutionary offer will be made to us: The A and B models of the used F-16 aircraft will be offered to us free of charge; all we would have to do would be pay for their overhaul...

[Wegrzyn] If some fantastic offer is made to us, then we will certainly consider it. The decision to launch the multipurpose fighter-plane program is an extremely serious issue; it rests with the government and one cannot expect that it will be made within a quarter of an hour. Things might look different if we completely abandoned the idea of purchasing aircraft.

[Luczak] When do you expect it will finally be said that this or that plane satisfies us and this is the plane we are interested in?

[Wegrzyn] If the procedure is started, then this will happen no sooner than the end of the year.

[Luczak] At present, 10 civilian and military companies of the Polish aviation industry are establishing a consortium; they want to take part in the program of constructing the multipurpose fighter planes which will be ordered by our air force...

[Wegrzyn] I am all for the option of purchasing fighter planes from a manufacturer who would guarantee a 100-percent offset [word in English as published] (which means the manufacturer's commitment to ordering goods and services in Poland; their value must be equal to what we would have to pay for the aircraft—note by Wojciech Luczak). This is an excellent opportunity to transfer a considerable amount of ultramodern technologies to our aviation industry, and not only to one branch of it. All potential fighter-plane manufacturers who are trying to get the contract with Poland also have possibilities of offering technologies to the civilian industry. Thus, if we purchase planes, then we can do this only if we are offered a large offset [word in English, as published], only if technologies are transferred to us, and only if the Polish industry is a considerable part of the entire undertaking. It is marvelous that Polish aviation companies are setting up a consortium because all over the world such consortia are formed to be able to launch large-scale projects.

If bids are finally invited, it would be good if Polish aviation companies were prepared to hold negotiations on the offset [word in English, as published] offer and on technologies. It is a great chance for our aviation industry.

[Luczak] There are speculations that we need more than 100 new fighter planes and that this is going to cost us a few billion U.S. dollars. How much should we be prepared to pay?

[Wegrzyn] This will certainly be a few billion U.S. dollars. This problem should be seen from the perspective of the entire economy. Our national income came to \$80 billion last year... Thus, the project will require a huge financial effort on our part. If, however, the contract is drafted in the version I am thinking of, the Polish economy will also be given a powerful technological impulse. Such a possibility is very realistic.

[Luczak] Rumor has it that we are about to finalize another aviation contract—the Polish Air Force is to receive eight Spanish CASA CN-235 transport aircraft in return for Swidnik-made Sokol helicopters...

[Wegrzyn] The Ministry of National Defense [MON] is not planning such a contract for 1996. The issue of purchasing transport aircraft is under discussion; there is a chance that, in line with the usual procedure and with approval from parliament, such a purchase will be scheduled for 1997 and for the following years. It would be favorable to us due to the offset offered to us and due to the transfer of new technologies to Poland. We will be able to finalize the contract no sooner than next year if the purchase is classified as a priority and if such an item is introduced into the purchase plan. This offer is very favorable indeed, all the more so since we would be able to pay for the aircraft over a period of 10 years.

[Luczak] Meanwhile, the Polish public has been angered by the fierce fight which the American Rockwell concern waged to sell us its antitank missile, which could be installed on the Huzar helicopter. Despite the pressure exerted by the Hellfire manufacturer, Poland chose the Israeli-made NT-D missile. Have there been any new developments here?

[Wegrzyn] Indeed, Poland chose the Israeli missiles. At present, we are negotiating the individual contracts as part of a larger package. It will include both the missile contract and agreements concerning the equipment used in our helicopters. Our plans are rather ambitious—we want to complete the negotiations in July. For the time being, the talks are at an extremely difficult stage. This is because we would like to tie all the contracts together so that they will make a package. Incidentally, the Israeli

side understands this and I believe that it will meet us halfway.

[Luczak] What will happen if the prototype of the Huzar helicopter, equipped with the NT-D missiles—which is scheduled to be ready in three years' time at the earliest—fails and does live up to expectations? Will you reconsider the Rockwell offer, then?

[Wegrzyn] This is exactly why the negotiations are still going on and why they are so complex. We want to make sure that there will be no surprises, and protect ourselves with a system of legal guarantees. Both the language used in the contracts and every single sentence written in them are very important. I can say that, first and foremost, we have submitted the condition that first the Israeli missiles must successfully go through air tests. However, there is always a certain risk if we want to have an avant garde antitank missile system. Still, the companies which are taking part in this undertaking are serious enough, and the money spent on the project is so big that all we should do is protect ourselves adequately in the contracts. This simply must occur.

[Luczak] There is yet another highly profitable contract to be signed. Early in 1996 we were to select the lucky company which would manufacture a few thousand field radios for our Armed Forces. Silence has fallen, but three companies—the French Thompson, German Alcatel, and the British Racal—demand that the bidding be finally completed...

[Wegrzyn] I have been dealing with the bidding for only one month. I can assume responsibility for this one month of delay. Each of the three bidders, selected out of 12 firms, is now acting jointly with Polish companies which are ready to begin production here in Poland. We asked the three rivals to present the drafts of the concrete contracts which they would sign in the future. This is because we will not be able to select the best bidder if we do not have such a draft. We believe that once we select the radio, the contract should be signed literally within several days. We do not want the winner of the bidding to start negotiating the contract with us only after the best bid is officially announced. In such a case, the bidder would naturally "forget" most of the commitments made a week earlier. We want to select the best bidder by the end of July. Selection of an appropriate field radio is of key importance if the Polish Armed Forces are to achieve interoperability with NATO units. Apart from the fact that electronics technologies will be transferred to our country, we are hoping that the equipment manufactured in Poland will also be exported.

[Luczak] The MON will also have to buy new aircraft for officials, because as soon as the beginning of 1997

the 36th Special Regiment at the Okęcie Airport will only have two airworthy Jak-40 planes...

[Wegrzyn] This transaction will not be financed by the MON. The ministry is not planning such purchases; we do not have money for this. I agree that new planes should be bought and that the need is urgent. Also, the important thing is that they should be safe and not expensive to run, which is important to us because we are responsible for this matter.

Poland: Principles of Security Policy Outlined
96EP0081A Warsaw MINISTRY OF DEFENSE
in Polish 1 Jan 96 pp 5-17

[Brochure by Colonel Marian Kowalewski, director of International Security Department at the Ministry of National Defense: "Poland's Security Policy"]

[FBIS Translated Text] Poland's geopolitical location is such that periods of prolonged peace have been relatively rare in our more-than-a-millennium-long history. The fact that our enemies have been, as a rule, much more powerful neighbors, and that Poland resisted their aggression, has resulted in practically every armed conflict producing numerous victims and devastating this country. World War II brought particularly extensive bloodshed to Poland.

For just these reasons Poles appreciate the peace reigning in our region for nearly half a century. Following the changes that have taken place in recent years in Europe and the world, the threat of global nuclear conflict, which hung over Poland for decades, has disappeared. On the other hand, the threat of local and regional wars, whose consequences also are horrible, as proved by the conflict in the former Yugoslavia at least, has returned.

Then also there are new challenges, especially as regards ecology and civilization. These include, among others, overpopulation, degradation of the environment and natural resources, international crime, and the uncontrolled arms trade (including trade in weapons of mass annihilation). These perils have been often mentioned and are well known, so that there is no need to enlarge on them.

For these reasons, however, Poland cannot passively await the unfolding of events. That is why it is taking steps intended not only to safeguard its own security but also to promote strengthening regional and international security.

These steps are linked to Poland's turn in the direction of the democratic values of the West. The country's previous political orientation, due to its dependence on the former USSR and hence also its anti-Western and anti-NATO security policy, suited neither the expectations

of the Polish public nor our new geostrategic position. Besides, favoring the pro-Western option was, on the one hand, a result of the historically justified fears and distrust of our big neighbor, Russia, so deeply rooted in the awareness of Poles, and on the other, a reflection of their aspirations and strivings toward Europe. This option has gained the support of an overwhelming segment of the Polish public, and it is of a lasting and irreversible nature, while at the same time being the foundation for a new evolution of our domestic relations, foreign policy, and national security. There is currently in Poland no significant political force questioning the validity of this strategic option.

The Perils

At the present moment, given the current international situation, Poland does not feel threatened by any other country. But this does not mean that we feel quite secure about our security.

We are worried by, first, the fact that our country remains in a zone with a security status other than that of the areas facing Poland from the west and the east. That is because both NATO and Russia, or, more broadly, the Commonwealth of Independent States, are capable of safeguarding their own security, while Poland and other countries in Central Europe have no such possibilities and are, so far, left to fend for themselves.

Second, there is anxiety in Poland over signals arriving from the east, particularly from Russia, of being near an unstable zone where at present many conflicts of various natures are continuing. There also exist premises for the rise of new focuses of conflict in that region. One source of instability is, e.g., the currently articulated national interests of the nascent new countries, which breed internal disputes and affect their mutual relations, and especially relations with Russia.

Yet another peril to the security of Poland and the entire Central European region is the considerable quantities of nuclear weaponry on the territory of the Russian Federation. We have reason to believe that in many cases (especially as regards tactical weapons) the technical condition of that weaponry and the means of monitoring it leave much to be desired.

Moreover, there exists a number of signs pointing to Russia's desire to continue a neoimperial policy of expansion. In this connection it cannot be excluded that in the future, given a convenient international situation, Russia might try to reestablish its zone of influence, or zone of interest, and to pull Poland as well inside it, which would mean abridging our national sovereignty. If we consider the means and methods used to resolve, e.g., the Chechnya problem, and the great

extent to which human rights have been violated in that connection, then it is hardly surprising that Poland—and not only Poland anyhow—is casting worried looks at the moves being made by its big eastern neighbor.

Another factor viewed in Poland as a potential peril is the concentration of considerable quantities of arms and troops in the Kalinin enclave. We understand the reasons for such a high density of troops and arms in that area, but we expect that as Russia's economic situation and the social status of its Army improves, the density of the forces stationed in that region will diminish to an extent proportional to its territorial size.

Priorities of Polish Security Policy

The basic principles of Polish policy on domestic and foreign security are defined by two documents adopted by the Committee for National Defense on 2 November 1992. This concerns "Premises of Polish Security Policy," signed by the president of the Polish Republic, and "Security Policy and Defense Strategy of the Republic of Poland," which elaborates and defines more precisely these premises.

The above documents state that the Republic of Poland views its borders as inviolable and has no territorial claims on its neighbors. It respects the sovereignty of other countries and renounces the use of force, inclusive of threat of force, in bilateral relations with its neighbors.

The paramount objective of Polish security policy is to safeguard for this country the conditions for peaceful growth as based on the above premises, in accordance with international law, and in particular with the provisions of the United Nations Charter and other interstate acts, both bilateral and multilateral. Given the current political-economic-military situation on our continent, safeguarding Poland's security can be achieved by:

- Inclusion of our country in European security structures, particularly NATO and the West European Union.
- Participation in the forum of the Organization for Security and Cooperation in Europe.
- Mutually advantageous bilateral and multilateral regional cooperation, including military cooperation, as an equal partner.
- Good relations with neighboring countries.
- Further restrictions on arms in Europe and the world and an effective monitoring of the adopted restrictions.
- Active participation in the peacekeeping operations of the UN, the OSCE [Organization for Security and

Cooperation in Europe], NATO, and the WEU [Western European Union].

—Integration with West European political-economic structures (WEU).

—Improvements in our defense system.

Membership in Western Structures

The Polish Republic is insufficiently strong economically and militarily to safeguard its national security on its own, especially considering that it is surrounded by neighbors some of whom wield superior military and economic potential. Moreover, nearly all the security challenges facing the modern world are of a supranational nature and can be coped with only through close international cooperation.

Hence also we want to find a niche for ourselves in the integrated Europe. The Polish aspirations toward joining Western security structures have been explicitly and unequivocally expressed in the aforementioned premises of Polish security policy and defense strategy.

An expansion of NATO does not mean, in our opinion, creating new lines of division in Europe. On the contrary, it would result in eliminating the consequences of the old divisions and preventing their return. This process will be of great importance to stabilizing the situation on the entire continent because the existing "gray zone" in the heart of Europe would otherwise sooner or later become a field of rivalry for influence and hence also a source of tensions.

We want the inequalities in national security existing in Europe to end as soon as possible and not become a cause of instability in our region. For this could complicate, if not prevent, the future establishment of a Euro-Atlantic security system that would comprise all the European countries and safeguard their peaceful development.

Moreover, belonging to Western security structures would afford Poland a feeling of security since it exists side by side with a highly unstable area. It would also promote, we believe, strengthening democratic processes and economic growth in Poland owing to closer ties with the leading Western countries.

In this context, it should be stressed that Poland's eventual membership in NATO is not aimed against any other country. It is to serve the security and stabilization of the entire continent and an expansion of the range of radiation of the democratic values on which the North Atlantic Treaty Organization is based. We view NATO not as a military juggernaut but as a zone of stability. Once accepted in that alliance, Poland would like to export that stability farther eastward.

Poland's turn toward the West, toward its democratic values and political-military structures, does not mean that we on our part desire to rupture our existing ties to the East, and in particular it does not signify any desire to isolate ourselves from Russia. It is not possible, even if it were desired, to isolate our country from a continent-sized nation, the world's second mightiest nuclear power. Russia will always remain our biggest neighbor. Our relations with that country are of fundamental, vital importance to both Poland's security interests and economic interests. The only limitation on Poland's efforts to cultivate the best possible relations with Russia may be our limited material possibilities, the imperative of preserving full national sovereignty and equal status Russia as a partner, or an explicit refusal to maintain such relations on its part.

Our warranted national interests do not have to be fully in accord with the goals of Russia's policy. But we are aware that concern for these interests and exploration of security safeguards may not conflict with the currently principal orientation of the West's policy, namely, the stimulation and strengthening of democratic tendencies in Russia. That is our objective as well. Therefore, the basis for relations with Russia is Poland's desire to join the political efforts being undertaken by Western countries with the object of involving Russia in building partnership relations. Poland can only gain from Russia's participation in the Partnership for Peace program, from Russia's membership in the group of the most industrialized countries, and from the establishment of special, strategic relations between Russia and the United States and NATO and the European Union. An affluent, mighty, and democratic Russia is no threat to Poland; it is a threat if it is much weaker but more expansive, authoritarian, or in a state of anarchy.

Therefore, we view initiatives intended to include Russia, and Ukraine as well, as broadly as possible in the Euro-Atlantic circle of cooperation as indispensable prerequisites for the future model of security in Europe.

However, we find it rather disturbing that certain Western countries still view the eastward expansion of European security structures as a function of relations between the West and Russia. We understand the need to reassure Russia, but we do not agree to making decisions on the security of the Central European region, which includes Poland, dependent on the position taken by Russia.

At present we are observing a twin-track NATO and U.S. policy. One track is in the direction of building good relations with Russia and the other in the direction

of integrating Central Europe into NATO. We are wholly in favor of that first track but we hope that processes along both tracks will progress in parallel, that the first track will not serve to establish rules and regulations affecting progress on the second.

A major step forward in the integrative process has been, in our opinion, NATO's recent assessment study of its expansion. That study was prepared and accepted within the adopted timetable, despite NATO's considerable involvement in the Balkan conflict and difficulties in dialogue with Russia. The fact that the emerging differences in the positions taken by various countries have neither halted nor delayed that study is an explicit reflection of NATO's desire to continue this process. Likewise, the philosophy of integration of new members into NATO structures, as enunciated in that study, is largely consonant with the Polish view of this process and its influence on discrete elements of European security. The completion of that study means, in our opinion, an end to the discussion of the purposes and principles of the enlargement of NATO, its consequences, and the ways and means of achieving that enlargement, and thus it culminates the stage of the related deliberations within the alliance. We expect the next step to be a rapid decision of the North Atlantic Council to initiate consultations leading to the drafting and acceptance of the procedure for the accession.

As a future member of NATO, Poland is ready to accept all the obligations ensuing from that membership, and especially to carry out the provisions of the Treaty of Washington, on consistently implementing various adaptation processes.

In declaring our desire for membership in Western security structures, we refer not only to NATO but also the West European Union. These two aspirations are not conflicting because we view both these organizations as elements of the future architecture of security in Europe, and we view the WEU as a purely European complement to NATO. We are interested in deepening our cooperation with the WEU so as to turn it into yet another factor strengthening our ties to West European security organizations and leading to full membership in them. We consider the foundations of that cooperation to lie in integration into various agencies of the WEU, as well as in Poland's participation in joint exercises and training (we are, e.g., greatly interested in establishing cooperation in that respect with the European Corps).

We desire to become a lasting and indispensable participant in the activities of both structures, so that the future decision to admit Poland to them would be a natural consequence and formal confirmation of the actually existing situation.

Partnership for Peace

The Partnership for Peace program is a step on the road toward Western security structures, especially NATO. Poland views that program as confirming the possibility of joining NATO and at the same time as affording an opportunity for adapting the Polish armed forces and the operations of national defense to NATO standards and rules. We desire to make that program work so as to meet our long-range security interests. We want to participate as an equal partner in the work of the principal bodies of the alliance. We are ready, in measure with our military and financial possibilities, to take part in the ventures organized by NATO and the WEU for training purposes. Here I refer to all kinds of exercises and maneuvers, several of which have taken place in recent years on Polish territory or with the participation of units of the Polish Army. We are not shying from participation in operations intended to maintain and restore peace, to bear humanitarian aid, and to strengthen stability in Europe and the world. A good example is the government's decision to have a Polish military contingent participate, as part of the Nordic brigade, in NATO peacekeeping operations in Bosnia.

Strengthening Defense and Stability

Poland desires to be an attractive "acquisition" to Western security institutions in the sense that it can take part in actions to strengthen stability in Europe while being only a minimal political and material burden on the other European countries. We are not joining Europe and its structures with empty hands. We have something to contribute, namely:

—Settled good relations with our neighbors. We have good-neighbor and friendly cooperation agreements with them all. We do not have any disputed border problems or conflicts of an ethnic nature with any of them.

—Domestic tranquillity based on an efficient functioning of mostly already evolved institutions of a democratic state, and on a friendly coexistence—in accordance with international norms—of Poles with the national minorities inhabiting our country.

—The strong support of our society for the pro-Western orientation of Polish policy. In striving toward integration with Europe we are translating into reality the ambitions and aspirations of Poles that were suppressed for years, thus contributing to strengthening the prointegration orientation in Europe.

—Then also there is our contribution in the form of the years-long rich experience gained from the

participation of Polish military contingents in numerous peacekeeping operations of the United Nations, which all the more testifies to the credibility and reliability of our obligations in that domain.

—Another one of our assets is our significant military potential and an efficient system of national defense, which are being adapted to West European and Atlantic norms and standards. Our military cooperation so far with NATO and WEU countries, and especially with Germany, France, Denmark, and the United States, has proved, we believe, that even now the Polish armed forces are capable of operating in tandem with Western armies.

The Great Significance of the OSCE

Poland perceives the great significance of the OSCE in creating the conditions for a secure life and coexistence of countries and maintaining a stable situation both in Europe and in more distant regions. We are wholeheartedly in support of the further expansion of the OSCE's influence and elaboration of its structures. It is in the interest of our country that the OSCE become more effective. Hence, our goal is to cooperate in refining principally those mechanisms of that organization that avert conflicts and discharge tensions between member countries. Contrary to not infrequently voiced opinions, the OSCE is, in our opinion, capable of coping with the tasks and challenges of the new situation and contributes significantly to the maintenance of peace and stability.

—Within the area of the OSCE, which currently associates 52 countries, new criteria for military stability are successfully operating. Within that area the conscientious measures being taken to accomplish arms reduction are complemented by a broad spectrum of steps taken to build trust, cooperation on security, and monitor military activities.

—Ever since its establishment in July 1992 the forum for cooperation on security has been the locale of intensified discussion of new elements of a cooperative military order binding from Vancouver to Vladivostok.

—Of major importance are steps intended to create new norms of behavior of countries in the domain of security. The related code of conduct adopted at the Budapest Summit provides a good example of practical solutions.

To be sure, the war in the former Yugoslavia has posed a severe test to the OSCE, but so has it also to other international organizations and institutions. From that test the OSCE has emerged largely unscathed, without losing its credibility. This organization was established in the first place to avert and alleviate tensions, hostility, and conflicts between countries, while, on the other

hand, it is neither a collective security system nor a substitute for a defensive alliance.

Good Relations With Neighbors

A multilaterally and bilaterally advantageous cooperation with neighbors is a priority of Polish policy, including security policy. Good relations with the countries directly adjoining us are a factor in regional stability. In order to consolidate them and inscribe them in appropriate good-neighbor and friendly cooperation (including also military cooperation) agreements, we have brought about—together with our neighbors—final settlement of all previously unresolved issues in our mutual relations.

In this context mention should be made of Polish-German relations. In recent years these relations have been, especially in the security domain, markedly intensified. Germany is one of the few NATO countries to have been consistently supporting for a long time our efforts to gain membership in NATO. The relations between our two countries and peoples are dominated by accelerating processes of rapprochement and overcoming of negative historical biases and stereotypes. They resemble the German-French reconciliation achieved years ago, and they affect probably every domain of life of both nations, including the military one.

In striving for integration into Western security structures we also are developing—with the extensive participation of Germany—trilateral cooperation, which, in the present situation, substitutes in a sense for our lack of membership in NATO and the West European Union. Trilateral cooperation with Germany and France, and with Germany and Denmark, is crucial to us also inasmuch as it reflects the idea of cooperation in the European Union and NATO. In this connection our joint initiatives have a greater chance to succeed. In addition to Poland's cooperation with the United States, our country's trilateral cooperation with Germany and France, as well as with Germany and Denmark, is to us a most important priority in military cooperation and in more broadly conceived cooperation on security affairs. Poland is interested in extending German-French institutional ties to the Warsaw-Bonn-Paris triangle. In its turn, Polish-German-Danish cooperation on security makes it possible to include in that process the Baltic countries, whose participation in building the future architecture of security is viewed by us as highly important.

Good relations in every domain, including security, are linking Poland to the other countries of the Visegrad Group. At present we are linked with them chiefly through an active economic cooperation. The Visegrad Group is not—as known—a military bloc or alliance

but was established with the object of improving the chances of its members to join the West European security structures. At present it is a loose regional structure oriented toward mutual cooperation but having no obligations as regards security and leaving to its members the choice of their own road to European integration.

A more complex issue is Poland's relations with its eastern neighbors. Our stance toward Russia has already been mentioned. It can be added here that relations with Russia are a priority of Polish foreign policy and are of fundamental, vital importance to our national security. We view as positive the economic cooperation between the Polish border regions and the Kaliningrad enclave. The construction of the Yamal-West Europe Pipeline, which runs across Polish territory, may provide an impetus for intensifying Polish-Russian economic cooperation at a higher level.

Russia is and shall remain, owing to its economic potential, natural resources, and a capacious market, an important economic partner of Poland. So far, however, it has not been particularly active in broadening economic cooperation or establishing political dialogue with our country. It appears that Russia is ignoring its middle-sized and small partners too much in its preoccupation with "strategic partnership" with the Western powers.

The greatest dissonance between Poland and Russia exists in the security domain. Poland's pro-Western security choice and its desire for integration into NATO are viewed by Moscow as a continuation of the process of depriving Russia of its big-power status and relegating it to a marginal position in the international community. Moreover, a Cold War perception of NATO still remains held by political-military circles in Russia, and no Russian political force considers it necessary to change the distorted image of NATO there.

Attempts to initiate discussion of this topic are additionally complicated by the fact that Russia is not practicing a partnership approach. That country is trying to pursue its security interests as regards Poland by going over our heads. It is exploiting the West's apprehensions about admitting to its integrated structures countries that are in conflict with Russia, and to this end it blows up the publicity about minor incidents, such as are bound to happen between neighbors. In our opinion, this will continue so long as the issue of Poland's admission to Western security structures remains unresolved.

Polish-Lithuanian relations are very good. There are no boundary disputes between our two countries, and the misunderstandings concerning the Polish ethnic minority in Lithuania—the only source of conflict between our countries—have been resolved. We also view positively

our bilateral military cooperation. Recently we decided to organize in the future a mixed Polish-Lithuanian battalion for participation in peacekeeping operations.

Our relations with Belarus are good, even though marked by some stagnation due to, among other things, that country's gradual relinquishment of its own autonomy as regards international relations.

Our relations so far with Ukraine, although very good, are perhaps insufficiently intensive. This is due to both the political priorities of the Ukrainian side, which, understandably, is focusing its attention on settling its relations with Russia and strengthening its relations with the United States and the countries of West Europe, and to a certain neglect of our part, because Poland has been concentrating on the pursuit of a pro-Western policy at the expense of relations with its southeastern neighbor. This is moreover due to Ukraine's great economic dependence on Russia, something Poland cannot influence markedly owing to its own shortage of adequate financial and natural resources.

Currently both sides strive to intensify cooperation in, among other things, the military and security domains. The defense ministries of Poland and Ukraine have announced regular mutual consultations and the creation, by the end of 1997, of a mixed Polish-Ukrainian military unit for participation in international peacekeeping missions.

Arms Reduction and Participation in Peacekeeping Operations

A highly important factor in increasing security in Europe is arms reduction. Poland supports disarmament initiatives and is taking an active part in disarmament negotiations. We view as particularly important the negotiations and ensuing agreements on arms reduction, and especially the cuts in conventional forces in Europe. It is Poland's aim to create in Europe a new military order that would eliminate the possibility of unexpected aggression and large-scale offensive operations. We are in favor of close adherence to the principle of nonproliferation of nuclear weapons and reduction of nuclear arsenals.

Poland's contribution to strengthening international security has been and remains the participation of our armed forces in the peacekeeping missions and operations organized by the United Nations or by the European international institutions such as the Organization for Security and Cooperation in Europe and NATO.

Integration With the European Union

National security means not only the absence of military conflicts and the possibility of peaceful existence. It also

means safeguarding the establishment of advantageous economic and political cooperation and the absence of discriminatory restrictions in these domains.

We firmly believe that we can overcome our lag in development and become a full-fledged partner of the developed countries only as a result of a rapid and effective inclusion of Poland in the process of West European economic and political integration. Poland's future membership in the European Union is of fundamental importance to our country. Isolation and the absence of opportunities for rapid growth would otherwise in time result in marginalizing the Polish economy and impoverishing the Polish society, which as a further consequence could threaten the loss of freedom and national sovereignty.

Integration with the West European economic system and adaptation to the standards binding in the highly developed countries are the prerequisites for our becoming a significant partner in international relations and enabling us to prepare our armed forces to meet the requirements facing the armies belonging to North Atlantic Treaty Organization. We recognize that economic partnership on the international arena and a robust market economy are principal factors in political stability, which reduces the danger of armed conflict. It is in Poland's interest to participate in shaping a system of international security that would more and more effectively eliminate military threats and contribute to building a balance of interests and cooperation in resolving global problems and challenges.

The goals of Polish security policy are defined clearly. We desire to accomplish them as part of a nonconfrontational process that would not violate the interests of other countries. We realize that this is a long-range process that is yet going to face us with many complex challenges.

Poland: Cimoszewicz Apologizes to Jews for 1946 Pogrom

LD0707132896 Warsaw Polskie Radio First Program Network in Polish 1200 GMT 7 Jul 96

[FBIS Translated Text] Participating in the ceremonies commemorating the 50th anniversary of the Jewish pogrom in Kielce, Prime Minister Włodzimierz Cimoszewicz expressed his regret and apologized for all the wrongs that Poles did to the Jews. He stressed the need to work for Polish-Jewish reconciliation and brotherhood, keeping in mind mutual respect for the identity of both peoples.

[Begin Cimoszewicz recording] Deeply regretting all the wrongs that Poles did to the Jews and sincerely apologizing for them, we see the need to work for a genuine Polish-Jewish reconciliation and brotherhood, which, we deeply believe, is possible in the world just a step from the new millennium. Such reconciliation and brotherhood should be accompanied by mutual respect for the identity of Poles and Jews.

Without forgetting the past, the difficult and tragic past, we must, by uprooting all forms of racism and xenophobia and developing the various forms of mutual cooperation and human relations, look toward the future and build Polish-Jewish relations on a durable basis of friendship, joint memory of the history of the plight of the Poles and the Jews, mutual goodwill, and understanding. Such a basis is our joint duty to the young generation of Poles and Jews. May it become our contribution toward the process of unification of international communities! [end recording]

Poland: Further Clash of Coalition Over Budget Law

WS0307140796 Warsaw GAZETA WYBORCZA in Polish 3 Jul 96 p 1

[Article by "DOM, JAKU": "Will Kolodko Give or Not?"]

[FBIS Translated Text] *The Polish Peasant Party [PSL] is threatening the Democratic Left Alliance [SLD] that it will walk out of the coalition unless more funds are allocated for agriculture in the 1997 budget law. They are even suggesting [Finance] Minister Kolodko's dismissal.*

The coalition has been working on next year's budget law for yet another day. Differences of opinion are vast, and ministers—of agriculture and housing, in particular—are demanding that Finance Minister Grzegorz Kolodko give much more money than he declared. As we learned, Prime Minister Włodzimierz Cimoszewicz went as far as to forbid Cabinet members to "tell the press" about problems with the budget law.

What is the PSL demanding? Most of all, that outlays on agriculture be real (that is, above the projected 13-percent inflation rate), 3 percent higher than they were for the current year.

Minister Kolodko firmly replied to the PSL demands: "I cannot agree to that." SLD politicians say: "The PSL should finally clearly state whether it supports the government's or the Union of Labor's draft amendments to the 1997 tax law."

The PSL is fighting for an additional billion zlotys, which would be earmarked for compensation for farmers' old-age pensions and fuel purchases. The PSL is fiercely critical of Minister Kolodko, who wants farmers to pay twice as high premiums on their social security starting in 1997 (95 percent of their social security premiums is currently financed by the budget).

"This is a political provocation staged by the finance minister," said PSL Chairman Waldemar Pawlak. Deputy Agriculture Minister Jacek Soska (PSL) suggested that Minister Kolodko be dismissed: "After all, positions in the Finance Ministry are not life tenures," he told GAZETA WYBORCZA.

In the course of the budget law debate, PSL politicians are also vehemently protesting the dismissal of four members of the supervisory board of Bank Gospodarki Żywnościowej, which is closely affiliated with the party. "We were particularly outraged by the dismissal of Professor Władysław Szymanski," PSL Deputy Marian Krol told us yesterday. "We demand an explanation."

Poland: Coalition Threatened by Disputes Over Budget

LD0507195996 Warsaw TVP Television First Program Network in Polish 1730 GMT 5 Jul 96

[Relayed by Warsaw TV Polonia Network in Polish; passages contained within quotation marks are recorded]

[FBIS Translated Text] The Polish Peasant Party [PSL], together with Solidarity, blocked the making of a decision in the Senate on the issue of the laws changing the structure of the central economic administration. In the view of Marek Pol, the government plenipotentiary for the reform of the central administration, this threatens to cause a delay in the entire implementation of the reform. Senate Speaker Adam Struzik has deferred for a week the vote on the drafts of these laws. Senators from the Democratic Left Alliance [SLD] have deemed this decision to be arbitrary and an attack on good parliamentary procedure.

[Unidentified correspondent] At the start of deliberations, PSL and Solidarity senators unexpectedly opposed changes in the small constitution that would have given the prime minister the right to specify the tasks of ministers. At the moment, these are specified by law. The stance of the PSL senators had been agreed with the party authorities.

[Waldemar Pawlak, PSL chairman] "These are very serious matters, fundamental in character as regards the system of functioning of the whole of our economy. And seeking through this or striving to force a very expeditious adoption of the bills might end appallingly,

both for the drafted changes and solutions and also for a certain coherence of the entire system of commercial and administrative law in Poland.

[Jerzy Szmajdzinski, SLD chairman] "If, in the end result, this reform of the center does not come into force, we will have to lay the responsibility for this upon the PSL."

[Correspondent] The package of laws reforming the central government administration was supported by PSL deputies in the Sejm. The leaders of the SLD have thus accused the PSL members of playing political games.

[Szmajdzinski] "We feel that everything must be resolved at the proper time. First, it is necessary to adopt the laws and later to talk about how the arrangement will look after their implementation.

[Correspondent] "The arrangement of personnel?"

[Szmajdzinski] "In this the arrangement of personnel as well, yes.

[Pawlak] "For me, this is an astounding method of reasoning altogether. If an economic-administrative reform is to be adopted only under this kind of pressure, of thinking about or in categories of posts held—for me, this is a completely astounding approach on the part of Mr. Szmajdzinski, and I will quite simply say that I do not understand such a stance."

[Correspondent] According to unofficial reports, the PSL is supposed to have demanded of the SLD that it be decided today already who will fill which ministerial posts. The PSL members are also supposed to have demanded that, before the introduction of a reform based among other things upon the abolition of a number of ministries and the creation of a number of new ones, the Cabinet of Włodzimierz Cimoszewicz tender its resignation and the coalition form a new government. It is also being said, unofficially, that the reform of the center is a bargaining counter for the PSL in its dispute with the SLD over the budget for next year.

[Announcer] The main point of dispute in the coalition is expenditures on social welfare benefits for farmers. The government has adopted the priority directions for the budget for next year. Among these are the development of science and education, security, and the development of rural areas.

With the ministers from the PSL opposing, the government has decided to increase social welfare contribution rates in the agricultural sector.

[Correspondent] Prime Minister Włodzimierz Cimoszewicz has said that expenditures on the

development of the countryside and retirement benefits for farmers are a priority that the Cabinet shares. The government decided by a majority of votes that it will send to the Sejm an amendment of the law on agricultural pensions. The SLD draft was forced through, which makes the level of contributions dependent upon the size of a farm.

[Prime Minister Włodzimierz Cimoszewicz] "This kind of reform will facilitate for smaller farms, the owners of smaller farms, and poorer farmers the payment of even lower contributions than at the present time, which will of course have to be compensated by higher contributions to be paid by the owners of large agricultural units.

[Franciszek J. Stefaniuk, PSL] "The PSL cannot express consent to an additional, troublesome burden on farmers in the form of additional contributions."

[Correspondent] President Aleksander Kwasniewski has joined in the budget discussion, sending to the prime minister a letter in which he has stated his expectations of the budget. Asked before his departure for the United States whether he will in the case of the nonfulfillment of these expectations veto the budget, the president said:

[Kwasniewski] "Were they to be radically unfulfilled, then of course this might mean such a thing; only this is all premature. I would like you all to appreciate the method through which I wish to work on the budget because I do not wish to wait until all of this has rolled by and then veto it later.

[Correspondent] Deputy Prime Minister Grzegorz Kolodko said that the priorities for the budget for next year, adopted by the government today, are in accordance with the expectations of the president. [passage omitted]

[Correspondent] The government is to decide next week how much money will go to particular ministries.

Poland: SLD-PSL Disputes Assessed

WS0307152096 Poznan WPROST in Polish
30 Jun 96 pp 19-20

[Article by Joanna Stepień: "The Democratic Left Alliance Versus the Polish Peasant Party; Sixth War at the Top"]

[FBIS Translated Text] "Our coalition partner does not play fair with us," states an indignant Polish Peasant Party [PSL] leader. "On the one hand, he talks about elections to Parliament at a time provided for by the constitution; on the other hand, he provokes and insults us, most probably with early elections one year ahead of schedule."

"Give them power and let them share it," says one of the unwritten rules of politics. The successive struggle between coalition members is due to the ever fiercer rivalry between particular party fractions. For instance, some want to hasten the elections, others want to maintain the parliament's full term of office. However, there is also a more significant reason for the new—sixth since 1990—war at the top: a struggle for the electorate. The Democratic Left Alliance [SLD] has most reason for concern because it is trying to win the same voters as the PSL. Meanwhile, according to recent Public Opinion Research Center [CBOS] surveys, support for the Alliance has fallen by as much as 6 per cent, to 18 percent. Just behind SLD is Movement for the Reconstruction of Poland [ROP] (16 percent), Solidarity and PSL (14 percent) and Freedom Union [UW] (11 percent). An escalation of political conflicts is therefore inevitable.

Pride, arrogance, disrespect for public opinion and the feelings and interests of their coalition partner—PSL deputies enumerate the greatest flaws of their collaborator. Some suggest that all the recent moves of the Alliance, including the threats of Minister Leszek Miller, head of the Office of the Council of Ministers [URM], the mysterious announcement about the reconstruction of the government, and the attack of the SLD-related weekly NIE on Parliament Speaker Józef Zych may be aimed at inflaming the situation and speeding up the elections. The SLD leaders behave as if they were not aware of the fact that, after the next Parliamentary elections, the PSL will remain the Alliance's only serious partner; the deputies from Waldemar Pawlak's party feel irritated. They do not believe the assertions of Deputy Andrzej Urbanczyk, spokesman for the SLD Parliamentary Club, who claims that the Alliance has retreated from its call for early elections. Neither are they convinced by the appeasing gestures of President Aleksander Kwasniewski. As many PSL members put it, the president wants to speed up elections and thus strengthen his power and maintain—thanks to the small constitution—his present broad prerogatives. Disrupting work on the constitution will ruin its chances for a long period of time. The probability of passing it will be even smaller than it is today. PSL deputies emphasize.

As PSL members put it, some SLD leaders want to hasten the elections since, just like the ROP, they would like to play them in black-and-white symbols in order to attain the following antinomies: Right-Left; church-antichurch; abortion-antiabortion.... Such a tactic was already adopted by the SLD in the last presidential election. PSL deputies do not conceal that in the presence of such antinomies, their prosocial and right wing—in the ideological sense—party feels uncertain.

According to the opposition deputies, the SLD wants early elections because it is scared that pauperization and the deterioration of society's living conditions will make it lose its basic electorate: the public sector and the pensioners.

The recent conflicts with its coalition partner have deepened the hidden divisions within Waldemar Pawlak's own party. The most radical group has come to the fore. Twenty-three deputies gathered around the popular MP Bogdan Pek have signed their names to the Confederation for an Independent Poland [KPN]-inspired motion to dismiss Wieslaw Kaczmarek, the SLD minister of privatization. The coalition deputies' "betrayal" was followed by a fierce reaction of today's influential SLD man, Minister Leszek Miller, who openly threatened the PSL with severe retaliation. As Alliance deputies put it, the acts of revenge came soon: Prime Minister Wlodzimierz Cimoszewicz sharply rebuked the insubordinate PSL group and announced a government reconstruction. The names of imperiled ministers were quoted in the Parliament lobby: Zdzislaw Podkanski (culture), Klemens Scierski (industry), Jacek Buchacz (foreign economic cooperation)—all from the PSL.

"Miller and his colleagues have already forgotten they emerged from political nonexistence thanks to the PSL", said an indignant Deputy Pek. "In the next Parliament, the SLD may end up as an opposition party precisely accounted for its past mistakes. And Chairman Pawlak said that Minister Miller "has messed up the times."

The atmosphere was exacerbated by Jerzy Urban's weekly NIE with its page one denunciation that Parliament Speaker Jozef Zych had spent a few months in jail 35 years ago. This time Janusz Piechocinski, vice chairman of the PSL Parliamentary Club, could not take it, accusing the SLD of inspiring a campaign against meritorious PSL activists and "overwhelming them." In the meantime, the Alliance successfully torpedoed the election of a PSL candidate to the National Radio and Television Council. "Here the SLD men have overstepped," Deputy Janusz Dobrosz, vice chairman of the club and PSL spokesman, said; though usually good-tempered, he was upset.

The last, conspiratorial meeting of the coalition leaders in the inaccessible-to-journalists government hotel in Parkowa Street did not explain anything and did not pacify the most radical PSL activists. Those with moderate views, however, declare their readiness to start negotiations, since—they emphasize—"all this is not about Minister Kaczmarek, but about the guiding principles of the 13th National Investment Fund." "Perhaps the PSL will not be able to dismiss Minister Kaczmarek,

but will negotiate solutions profitable for agriculture," Deputy Janusz Dobrosz said frankly to reporters.

Struggle for the election date is paralleled by fraction fights within the coalition groups. Alliance politicians claim that Waldemar Pawlak, by isolating himself from the SLD, wants to increase his chances of reelection to the post of chairman at the party congress this fall.

Meanwhile, in the Parliament lobby, PSL deputies are speaking out that the days of Jozef Oleksy as Social Democracy of the Polish Republic [SdRP] chairman are numbered.

Even his most loyal associates cannot hide the fear that "the Oleksy scandal" will influence the results of the parliamentary elections. Also those Alliance politicians who count on a future agreement with a section of the Freedom Union call for his retirement. But in order to avoid a coalition with the PSL, Oleksy should be pushed aside. Aware of that, Oleksy wants his party to adopt a most determined position on issues thorny to the opposition, which averts the prospect of agreement. Simultaneously, the SdRP leader displayed some "flexibility" toward the PSL, for instance on the issue of creating self-governing voivodships.

If PSL prophecies turn out to be true, Oleksy's place will be taken by Leszek Miller who, for a long time, has been urged to accept the post by his adherents, mainly from the most powerful SdRP districts—the Warsaw, Lodz and Katowice regions. Actually, most party members back Miller; also two-thirds of Alliance deputies are said to be his people. However, Miller, just like Oleksy, is not interested in speeding up the elections, as he needs time to construct his "empire," i.e. build the Ministry of Internal Affairs and the administration. Moreover, the endeavors of the presidential palace to hasten elections are unwelcome to Leszek Miller's supporters, who fear the independence of a relatively strong—thanks to the small constitution—president.

SLD deputies admit that Wlodzimierz Cimoszewicz has the weakest position in the SLD; he is absent in the SdRP ranks of his own will, deprived of respected adherents, real power, and even freedom of action. His dependence on the influential Miller was clearly visible during the memorable TV appearance in which he repudiated the work of the officers engaged in the "O" agent affair. It could also be seen in the days of crisis within the ruling coalition when he submitted an unexpected proposal to reconstruct the government, right after the URM chief had threatened the PSL. The prime minister may see a chance for himself in the passing of a new constitution which is to increase his prerogatives considerably. Contrary to the opposition, the PSL and SLD leaders, competing for influence in

their own parties, avoid arguments in full view of the electorate. "The SLD leaders struggle with one another for spheres of influence, but they do it in such a manner which should not harm the group," says UW Deputy Jerzy Ciemniewski.

But competition between particular SLD and PSL fractions, as well as the launched battle for electorate votes in the forthcoming elections, are accelerating, as never before, the breakup of the coalition.

[Box, p 20]

Solidarity was created when government representatives went to Gdansk for negotiations with the striking shipyard workers. Sixteen years later, the shipyard workers came to Warsaw to protest in front of the government building. Has there been any change? The mistake of the Polish system transformation consists in the fact that, though the shipyard is no longer "the Lenin Shipyard," it remains, like dozens of other great enterprises, a state-run company. While hampering reforms, the coalition leaders, the SLD in particular, should bear in mind that bastions of economic socialism may easily change into "anticommunist strongholds." One manifestation can be put off with a nervous smile. But the 15th?

—by BM

Poland: Center-Right Leader Warns Against Extremist Policies

LD0607135296 Warsaw PAP in Polish
1108 GMT 6 Jul 96

[FBIS Translated Text] Warsaw, 6 Jul (PAP)—At today's meeting of the Freedom Union [UW] National Council, party chairman Leszek Balcerowicz warned against two dangers: consolidation of the current political arrangement, which spells stagnation, and the adventurism of the Movement for the Reconstruction of Poland [ROP].

He described the activities of ROP, [Solidarity leader] Zygmunt Wrzodak, and [ROP spokesman] Jacek Kurski as an "injection of the venom of hatred into Polish political debate." The ROP program for Poland, he said, is a program of adventurism and great destabilization, which recalls the final years of communist Poland and which threatens the return of spiraling inflation.

Balcerowicz criticized the ruling coalition, especially the Polish Peasant Party, which for three years has been blocking the reform of local government and recently, in the Senate, the reform of the central economic administration "in keeping with its self-centered policy of haggling for government posts and budget subsidy increases."

In Balcerowicz's opinion, UW remains the "number-one party for young people." The party wants to consolidate this position because all basic system changes in Poland are extremely important for young people, without whom these changes cannot be carried out.

Poland: Big Differences in Major Parties' Poll Ratings

WS0407123296 Warsaw GAZETA WYBORCZA
in Polish 3 Jul 96 p 5

[Article by Agnieszka Kublik: "Differing Support for Parties in Polls by CBOS and OBOP; Is It Falling or Growing?"]

[FBIS Translated Text] *What are the ratings of the Democratic Left Alliance [SLD] and the Movement for the Reconstruction of Poland [ROP]? Is the SLD rapidly losing support, and is ROP gaining? Or perhaps the SLD is still maintaining its high position and ROP is lagging more than 10 percent behind?*

Yesterday the Center for Research on Public Opinion [OBOP] published its most recent poll presenting support for political parties. It shows that the SLD is supported by 24 percent of the respondents, whereas ROP is supported by 13 percent. The gap between the SLD and ROP is 11 percent!

Meanwhile, a week ago the results of another poll, conducted by the Public Opinion Research Center [CBOS], were quite different. The SLD received extremely little support—18 percent—whereas the rating of ROP was exceptionally high—16 percent. The difference between the two groups was only 2 percent.

Politics Did Not Affect Them?

So far the ratings of the SLD in polls carried out by the two polling agencies have been similar (the differences have not exceeded 5 percent). This time in the CBOS poll support for the SLD was 6 percent lower than in the other poll. Such a big difference might be a consequence of the fact that the CBOS and OBOP conducted their polls at different times. The CBOS took its poll between 14 and 18 June, and OBOP carried out its research a week later, between 21 and 25 June. However, as we found out, in both cases the most hotly discussed issues were the bankruptcy of the Gdansk Shipyard and disputes within the coalition.

Also, the question OBOP and the CBOS asked their respondents was basically the same. CBOS asked: "Which party or organization would you most readily vote for in elections to the Sejm?" and the OBOP question was: "Which group's candidates would you vote for?"

Does the Leader Help His Party?

However, there is a difference between the pieces of information respondents are provided with. To half of its respondents the CBOS gives the names of party leaders, to the other half it only shows names of parties. OBOP informs all of its respondents who the leader of a given political group is.

The experiment made by CBOS shows that in March, in the case of the SLD, it did not really matter whether the respondents were presented with the name of the leader or not. However, in April it certainly did matter; when the CBOS presented its respondents with the name of the leader, the rating of the Social Democracy of the Polish Republic (the SLD's largest party) plummeted from 24 to 19 percent. In the case of ROP, presentation of the name of the party's leader is evidently to the advantage of the party because it increases support for it from 7 percent to 10 percent.

Why Is Support for the SLD Falling?

We checked whether there exist any other data that would prove that the situation of the SLD is worsening. Since April, social moods clearly have been deteriorating: Pessimists (43 percent) have been more numerous than optimists (36 percent). People have also been more and more critical of the political situation (11 percent say the situation is good, 33 percent say it is bad) and of the economic situation (13 percent say it is good and 40 percent believe it is bad).

There has been a drop in the ratings of all of the SLD leaders, and the government, which public opinion identifies primarily with the SLD, is trusted less and less.

Where Have the Differences Come From?

Yesterday we asked the directors of both polling agencies where the differences in the ratings of the SLD and ROP came from.

Wojciech Pawlak of OBOP: "The results obtained by the CBOS came as a surprise to me. I am convinced that the primary reason the results of the two polls differed so

much was the way we asked our question: we present respondents with the names of party leaders, whereas the CBOS does not. People in Poland very often do not know much about the political groups that exist in Poland, so it helps if they can see the name of the leaders."

Lena Kolarska-Bobinska of the CBOS: "I am not surprised by our results because they confirm different indexes. This makes up quite a logical whole. I do not agree with the view that the differences between the results achieved by us and by OBOP result from the fact that OBOP informed its respondents about party leaders. The SLD electorate is completely on the side of Jozef Oleksy, which means that presentation of his name in a poll cannot cause the party's rating to go down so much. Support for the SLD is changing all the time and will continue to change because the SLD is in power and the political situation keeps changing."

Whether the SLD is really losing support we will find out at the end of the month, when the CBOS reveals the results of another poll.

Differences in Poll Ratings of Major Parties

	CBOS	OBOP
	Percent	
SLD	18	24
Solidarity	14	17 *
ROP	16	13
Polish Peasant Party	14	9
Freedom Union	11	6
Union of Labor	4	4

* OBOP did not ask respondents about Solidarity, but about the Solidarity Election Initiative.

Romania: FM Makes 'Reckless' Remarks on NATO to Russian Daily*AU0507130396 Bucharest ADEVARUL in Romanian 1 Jul 96 p 1*

[Article by B. Chiriac: "On the Sensitive Issue of Romania's Integration Into NATO, Minister Melescanu Makes Reckless Statements in an Interview Granted to the Russian Daily NEZAVISIMAYA GAZETA"]

[FBIS Translated Text] The Moscow correspondent of the MEDIAFAX Agency sent us yesterday the translation of an interview granted by Romania's Foreign Minister Teodor Melescanu to the Russian daily NEZAVISIMAYA GAZETA. The interview was published in the Friday issue of that paper. The statements made by the head of Romanian diplomacy regarding Romania's integration into NATO were astonishing. Mr. Melescanu allegedly stated that Romania does not intend to build Atlantic Alliance bases on its territory and believes that it is pointless to deploy nuclear weapons in countries that are going to join the Alliance. These statements would have simply meant a switch in Bucharest's Atlantic Alliance integration policy. Under these circumstances, we asked the Ministry of Foreign Affairs in Bucharest to clarify this issue. Spokesman Sorin Ducaru gave us the text that appeared in the Russian daily and its translation into Romanian. Thus, from Mr. Melescanu's statements one can see that Romania's option to integrate into NATO structures has remained unchanged, because there is no opposition in connection with NATO military bases on its territory. In the tense climate brought about by the race of central European states to integrate into NATO and the European Union, in addition to a certain reticence on the part of the West toward Romania on the one hand and Russia's concern about the expansion of the Atlantic Alliance on the other, the declarations made on the razor's edge might be speculated on, and hence could be of great disservice to our country. Here we have the MEDIAFAX cable and the text provided by the Ministry of Foreign Affairs:

MEDIAFAX

"As regards the building of bases, I have to note that Bucharest does not intend to do this, and the defense minister stated that there are no financial resources to build new military bases," said Melescanu. He added that the decision to deploy nuclear weapons on the territory of the states that are going to be admitted into NATO belongs to Brussels exclusively. "I do not see it as a real possibility, though. I believe that expanding the area of nuclear weapons onto the territory of the new NATO members is pointless today, because there is no threat that would call for such radical measures," said the head of Romanian diplomacy.

Ministry of Foreign Affairs

As far as the building of new military bases is concerned, no such plans have been made in Bucharest so far. The minister of defense stated that there are no financial resources at the moment. As far as the deployment of nuclear weapons is concerned, there are two problems: one theoretical and one practical problem. First of all, by signing an international treaty we will not only acquire certain rights, but will also fulfill the commitments that we have assumed. The decision regarding the deployment of such nuclear weapons will be made in Brussels. I think that today an enlargement of the nuclear base is pointless, because there is no threat that would require such radical military measures.

Romania: Iliescu Views Cultural, Economic Talks in Moldova*AU0807062796 Bucharest Radio Romania Network in Romanian 1600 GMT 6 Jul 96*

[Statement by Romanian President Ion Iliescu at Bucharest Otopeni Airport on 6 July—recorded]

[FBIS Translated Text] President Ion Iliescu returned to Bucharest this afternoon from the visit he paid to the Republic of Moldova. At Otopeni airport, the Romanian head of state made the following statement to the press:

[Iliescu] At the end of the official visit to the Republic of Moldova, I would like emphasize a few conclusions.

I believe that this visit has acquired the significance that we had in mind, namely as a political act, as an important political event for both countries. During the visit, we wished to reassert our desire to consolidate our common cultural and spiritual space and the processes of economic integration of the two countries. These two issues were the subject of the political talks that we held with the president of the republic, with the prime minister, and with the speaker of the parliament, as well as the talks held at the meeting with representatives of economic circles. I was accompanied by a group of Romanian businessmen and representatives of banks and the Chamber of Commerce, who, in turn, held talks with their partners. This was the most important issue in all the talks that we held there. The talks included a number of concrete elements regarding the development of commercial relations. We have a free trade accord that offers particular facilities. We discussed ways of capitalizing on those possibilities and expanding direct cooperation between the economic units. We also approached certain issues connected with infrastructure, such as the railway network, the development of the railroad network, of roads, and bridges over the Prut River. We also talked about the contact point at Galati-Giurgiuleni, which has particular importance in trilateral

relations, including Ukraine. Thus, these issues were the subject of extensive discussions.

Likewise, we attended an exceptional cultural event occasioned by a book exhibition at the Palace of the Republic. I also had a meeting at the Technological University in Chisinau, which honored me with the title of doctor honoris causa of the University, where I also gave lecture on the Romanian tradition.

In conclusion, we all welcomed the rich content of the talks, of the political, economic, and cultural discussions, and reiterated the hope that this visit will be a step forward in the consolidation of relations in all areas between the two states.

Romania: National Liberal Alliance Set Up 7 Jul

AU0807120696 Bucharest Radio Romania Network
in Romanian 0400 GMT 8 Jul 96

[FBIS Translated Text] The National Liberal Alliance was set up yesterday. This alliance was conceived as a liberal pole that would balance the political composition of the opposition, where so far only the Christian-democratic orientation—through the PNTCD [National Peasant Christian-Democratic Party]—and the social democratic orientation—through USD [Social Democratic Union]—have been represented.

The protocol on the alliance's establishment was signed by the leaders of the Civic Alliance Party [PAC] and of the Liberal Party '93 [PL'93], Nicolae Manolescu and Horia Rusu respectively. Yesterday's festivities were attended also by the PDAR [Agrarian Democratic Party of Romania] leader Victor Surdu, whose party will decide in the coming days whether to join the new alliance.

The protocol stipulates that the formations included in the alliance will run in November [presidential] elections on joint lists and will have a sole candidate for the office of president.

The platform-program that was also presented yesterday, envisages proceeding to drastic tax cuts, reducing the number of public corporations by turning them into privatizable commercial companies, issuing antitrust legislation, stimulating banks based on private capital, having the bonds held by the FPS [State Property Fund] sold within six months, halting the act of subsidizing nonprofitable enterprises through taxes, returning to industrial ownership, and liberalizing the prices of agricultural produce.

According to reports by our correspondents, who are quoting statements made at the establishment of the National Liberal Alliance, this event brings up to date

the issue of a sole candidate of the opposition to the presidential elections.

The alliance called on the CDR [Democratic Convention of Romania] and on the USD to make up a corps of electors who would nominate a single candidate from among those proposed by the formations that participate in the accord. The opinion of the CDR leader and candidate of the CDR to the position of president [Emil Constantinescu] was requested in connection with this proposal.

Romania: Commentary on 'Remarkable' PSM Electoral Success

AU0507165696 Bucharest CURIERUL NATIONAL
in Romanian 1 Jul 96 p 3

[Commentary by Ortansia Teodor: "Postelectoral Evaluations: The Rise of the PSM"]

[FBIS Translated Text] The recent local elections offered each political party the chance to examine the results that they achieved and compare them with those obtained in 1992 on the one hand, and to compare themselves with the other parties on the other. The results of such examinations will form the basis of their strategy in this autumn's legislative elections. When these things are taken into consideration, the rise of the PSM [Socialist Party of Labor] seems quite significant. In the 1992 local government elections, the party did not even nominate its own candidates, but managed, nonetheless, to exceed the threshold stipulated by the law on the legislative elections and thus gained representation in Parliament. After the first two ballots this year, the PSM has won two mayoral posts in county capitals, four city mayors, 104 village mayors, and 100 county council and 2,525 local council seats. Thus, the socialists managed almost to double their percentage in the 1992 ballot, obtaining about 7.3 percent of the votes cast. This justifies the statements by PSM President Ilie Verdet that his political party "is not afraid of the possible increase to 5 percent for the electoral threshold to enter Parliament."

The rise of the PSM is also being acknowledged by several political analysts, some of whom even consider that the PSM is the sole winner of this year's local elections. This success did not pass unnoticed by some of the opposition political leaders, either. Thus, Horia Rusu, executive president of the PL '93 [Liberal Party '93], after agreeing that the PSM "is out of danger" with regard to failing to enter Parliament, asserts that the PSM is one of the parties that won the most. Radu Vasile, secretary general of the PNTCD [National Peasant Christian-Democratic Party], emphasized that "the remarkable results obtained by the PSM are also significant in the sense that they point to a certain

evolution." Vasile considers the increase in the number of PSM followers as "a normal aspect," as in other countries, too, "against the background of a difficult economic and social situation, similar shifts can be noticed toward left-wing political areas."

For the legislative elections, the PSM intends to improve its electoral strategy, starting from the assumption that the majority of the electorate did not show up to vote for their mayors, which effectively indicates the public dissatisfaction with the way in which social problems are being handled, proving that their preferences are for the left. Recently Ilie Verdet stated that the PSM is preoccupied with the idea of achieving unity among the leftist forces, "the form and contents of which depends on the circumstances under which such alliances are to be set up." Nevertheless, he added, this is not intended "to set up a unique party in Romania, as there are neither the preconditions nor any reasons to do such a thing."

The appeal to unite issued by the PSM president is a clear signal reacting to the intent, a declared one, at least, of the political opposition to join forces, despite the conceptual and doctrinal conflicts that separate them. This idea of Verdet's indicates political lucidity at a moment when, as the PSM leader put it, the lack of unity among the left-wing forces, which reached its peak when the four-party protocol [among the Social Democracy Party of Romania, the Romanian National

Unity Party, the Greater Romania Party, and the PSM] was cancelled, which had created confusion among the electorate. Furthermore, "reacting to the efforts made to unify the opposition," Ilie Verdet claims that "the sole viable solution for dragging the country out of the crisis" would be to set up a negotiated alliance of left-wing forces, which would also contain firm pledges on behalf of its members. Categorically rejecting the idea that this could lead to the establishment of a monolithic party, he claims that this alliance "should bear the principal responsibility for maintaining a balance favorable to the left in Romanian political life," which, however, should not lead "to the dissolution of the individuality of any of the member parties or to the curbing of their possibilities also to cooperate with other parties belonging to the democratic center or the right."

It is yet to be seen whether the PSM could really become the motor of left-wing unification. Worth watching, however, is the future evolution of this political party, as one should consider the place that it has won for itself on the Romanian political scene, now as one of the top six parties, exceeding some of its former allies and certain opposition parties, too. From the political angle, party president Verdet's message indicates his firm decision to continue building up the electorate's faith in the importance of the PSM "on the plane of the democratic left wing."

Slovenia: Drnovsek Proposes Kracun as New Foreign Minister

AU0507141696 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 5 Jul 96

[FBIS Translated Excerpt] At a news conference this morning, Prime Minister Dr. Janez Drnovsek announced that he had officially proposed Dr. Davorin Kracun as the foreign minister to the State Chamber. Prime Minister Drnovsek anticipates that the State Chamber will support this proposal at the session next week. [passage omitted]

Slovenia: Italian Prosecutor Requests Extradition of Oman

AU0507150696 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 5 Jul 96

[FBIS Translated Text] The Slovene Interpol Bureau recently received an international warrant for Nicholas Oman, Janez Ravnik, and Gorazd Misic. The warrant was issued by the Italian prosecutor's office. Robert Skerjanc interviewed Boris Rehar, head of the Slovene Interpol Bureau:

[Begin recording] [Rehar] As the media have already been told, we did not yet have the warrants on 26 June, but a few days ago we received warrants for all three men—Nicholas Oman, Janez Ravnik, and Gorazd Misic.

[Skerjanc] What does this mean for the Slovene Interpol, that is, the Slovene police?

[Rehar] This means that we will act pursuant to our legislation and the provisions of the Law on Criminal Procedure, which stipulates that a Slovene citizen—which all three men are—cannot be extradited to a foreign country, but that the Italian judiciary can ask our judiciary to press charges. We will inform the Italian side of this.

[Skerjanc] Does this mean that you will arrest the three men? Will they be detained in Slovenia?

[Rehar] There is a question of whether these men should be arrested or not. They are Slovene citizens with residence in Slovenia. Even if we detain them and bring them before the investigation judge, we anticipate that he would release them after questioning. As I said, extradition is out of the question.

[Skerjanc] They will probably not be arrested, then? What about the status of Nicholas Oman? As we all know, he is the Liberian honorary consul.

[Rehar] This is our information, too, but, regarding his diplomatic immunity, the way we understand things, there is no obstacle to proceedings being started against him, too, of course pursuant to the regulations stipu-

lated in the international agreements and conventions pertaining to such cases, to persons with immunity. [end recording]

Slovenia: Oman Offers To Testify About Arms Deals

AU0507190296 Ljubljana MAG in Slovene 3 Jul 96 pp 20-23

[Article by Joze Biscak: "The Good, the Bad, and the Ugly"]

[FBIS Translated Text] The Slovene state can justifiably be concerned over the extensive action of the Italian Prosecutor's Office to uncover international links in the smuggling of arms for warring factions in the Balkans because the investigation has already extended to Slovenia, and all these illegal activities might see the light of day.

There is no doubt that Slovenia purchased arms for its own requirements. Nobody really holds that against it and rightly so. However, things got tricky when these arms were no longer intended only for the Slovene army and police but also for Croatia and Bosnia-Herzegovina, which were both at war, and when politicians started talking about it aloud, implicating everybody from a to z. Unofficially, the Italian investigators are only missing a few pieces of the puzzle before they will be able to charge some of current and former senior employees of the Defense Ministry and Interior Ministry with arms trafficking.

Slovenia Violated Embargo

We can say with certainty that Slovenia violated the arms embargo, which is a serious offense in the international community. However, this is not all. To obtain arms and sell them to the south, the Slovene state officials faked money and planted it on black-market foreign currency dealers, with the knowledge of the top political leadership, and they paid "the death merchants" with counterfeit foreign currency. Namely, at the beginning of the nineties, when Slovenia had to arm itself in order to resist the Yugoslav Army, there was no foreign currency with which to pay for the arms that were purchased.

How far the Italian investigators will get and how high into the state hierarchy the affair will reach now depends on Nicholas Aleksander Oman, the Liberian honorary consul to Slovenia, a man with at least three citizenships (Slovene, Liberian, and Australian), who, as he claims, lent Slovenia \$10 million worth of starting capital for the purchase of arms. Because international arrest warrants have been issued for Nicholas Oman, Janez Ravnik from Radovljica, and Gorazd Misic from

Nova Gorica, the matter is no longer a Slovene affair but an international affair.

Italian Traces

The Italian prosecutors accuse the above troika of criminal conspiracy, money laundering, and unlawful speculation with foreign currency. Nicholas Oman is particularly interesting for them. He is first on the list of those for which the warrants were issued because he is charged with trading in arms and strategic elements. Reportedly, billion-figure bank accounts were opened in Switzerland and Italy. This is supposed to be the dirty money earned with the trade in the Russian arms that were, with Italian assistance, sold on to the territory of the former Yugoslavia.

The Italian prosecutors obtained the initial information from their main witness, Francisco Elmo, a former S.I.S.M.I. [Intelligence and Military Security Service] agent who, in October 1995, decided to divulge all his secrets in exchange for complete police protection. Namely, Elmo indicated which towns, banks, and people were involved. Nicholas Oman assures us that, as a wealthy man, he worked for the benefit of the Slovene state. Reportedly the authorities asked him to help obtain the arms. And he did. His task was to bring the arms to the border (Koper), and from then on it was no longer his concern. However, he is convinced that a group of people (most responsible among them being Ludvik Zvonar from the Defense Ministry and Franci Kosi from the Interior Ministry), to which the Slovene state leadership entrusted the logistics of the arms purchase, was selling arms on to the Croats, the Bosniaks, and others.

Slovenia Finds Oman

"The whole story begins when they had to find somebody who would have enough foreign currency in 1991. That person was me because I was known to the Slovene banks, where I used to bring \$20 million worth of securities in the form of letters of credit," Nicholas Aleksander Oman who lives in Grimsce castle near Bled says, and then goes on: "Ludvik Zvonar from the Defense Ministry, who took over the logistics of the arms deliveries, took me to Finance Minister Marko Kranjc and told him: 'He gave dollars. Give him dinars.' He signed a piece of paper, and we went to the bank where I was presented with a huge pile of worthless Yugoslav dinars. I took the risk, however, and I would have forgotten all about the money now had the state left me alone."

Initially, the group that was operational in the arms purchases was arming the Slovene Army. This was supposedly the case until the end of the war for

Slovenia, after which they started buying arms for the Croats and the Bosniaks, too. "A ship worth, for instance \$10 million became worth 10 times the amount. Those who were selling first checked how many buyers were queuing up—the Croats, the Serbs, all those southerners—and would then sell to the one who offered the most. The money started flowing in then. Very big sums, too. See, Slovenia has now got \$30 million worth of ecological funds. And what an effort it was! At that time, \$100 million would flow in by itself, so to speak—from arms," Nicholas Oman says and assures that the trade started to blossom in a big way only after independence, with the help of Slovenia and through it.

Falsification of Vouchers

What is also interesting from that time is an affair with the falsified coupons, that is, the transitional currency between the Yugoslav dinar and the Slovene tolar. Coupons that were damaged in any way, for example, incorrectly cut, should have been destroyed. However, the greed for foreign currency in some people would not allow this, and the vouchers were sent to banks in Croatia where they were cherished at the time because of their stability. The falsified currency, which nearly created a diplomatic scandal, traveled to various banks, including Ibrahim Dedic's Promdei Bank. This bank had a branch in Koper through which it was relaunching counterfeit coupons back into Slovenia, which the Koper crime department, not knowing that the entire scam had been cooked up in the Slovene political leadership, discovered pretty soon. Although Ibrahim Dedic insisted that the falsified money was planted on him by Slovenia and threatened to sue, criminal charges were nevertheless pressed against him. In April 1993, however, the process was mysteriously halted (it is assumed that this was due to a lack of evidence.)

Nicholas Oman cooperated with the Slovene state rather well until the beginning of 1992, when, as he believes, he made a mistake of supplying arms and equipment to the police. Later, the notorious Brnik affair broke out in connection with this shipment. "Mr. Franci Kosi from the Interior Ministry was obviously not supposed to receive the arms because he was not one of them; he did not belong to the group that reserved for itself the right to trade in arms. The sums involved were big, \$9 million. If the group in question were to sell this on, it would make \$90 million on the equipment. And that was precisely what bothered them. When the ship arrived, Franci Kosi distributed a portion of the arms to the policemen and sold the other portion on. Why? He could not get the money to pay for the equipment for the police in any other way but to order more with the money made from the resale of the original order,"

Nicholas Oman says, and adds that this shipment was very hot because the group threatened that if the police got the goods, they would sink the ship or even down the aircraft with the cargo if need be.

Buying Without Acquiring

During the process of gaining independence, all export companies were ordered to try to purchase arms—for example, when Slovenijales did business in South Africa and when Kovinotehna and Metalka traveled to Russia to buy rockets. They were all buying arms then because it was the biggest business at the time. However, they never brought anything in because they lacked the rudimentary knowledge of how to buy arms. They did not know that arms traffickers demand money upfront and in cash. They, naturally, promised payment afterward and the deals fell through.

Oman was supposedly approached by the people from the Croatian Defense Ministry who saw "the miracles" he worked for Slovenia. They wanted to cooperate with him directly because the Slovenes were reportedly asking for too high a cut for the arms sold. Oman refused to cooperate, however, because, as he said, the Croats had tried to kill him on three occasions. Reportedly, various people are still approaching him now and inquiring whether he would resume operations in the Balkans. He turns them all down because he reportedly dealt in arms only during the Slovene independence.

Slovenia a Toy of Superpowers

He is afraid, however, that Slovenia as a state could turn into one of the bigger arms traffickers in the world. As he says, the Slovenes do not need as many arms as they will purchase. "The embargo has been lifted, and Drnovsek signed an arms purchase deal worth \$850 million. Why does Slovenia need all these arms? For itself? It is all a game of the superpowers who reason like this: 'We will sell it to Slovenia, and it can then sell it to Belgrade or anyone else,'" the Liberian honorary consul believes, and when asked how he knows all this replies: "I have very good information. That is what bugs them because they do not know where I get the information from." Slovenia was supposedly offered a faster "rapprochement with NATO" if it accepted this role.

Nicholas Oman plans to turn himself over to the Italian investigators, although not at present, but when he and his lawyer have prepared themselves. The fabrications planted on him are very good, as he is also being charged with participation in the murder of French journalist Xavier Gautier, who investigated the trade in human organs in the Balkans. "I do not wish to spend six months in prison," Nicholas Oman says. However,

only an investigation will show how many men who purchased arms for Slovenia from Greek Constantin Dafermos, the owner of Scorpion International Services from Panama, were involved in the illegal activities and the international arms trade.

[Box, pp 23-24]

[Biscak] An international arrest warrant has been issued in your name, and you are accused of money laundering, unlawful speculation with foreign currency, and trade in arms and strategic elements. Isn't that a lot for only one man?

[Oman] Let them take a lie detector test. I will agree to it immediately. I am clean and honest and can sleep in peace.

[Biscak] So what is all this talks about osmium?

[Oman] Nothing.

[Biscak] What do you mean?

[Oman] Ah, nonsense. The Italian investigators stumbled across something that they did not understand and did not anticipate. However, this does not prove my involvement in criminal activity.

[Biscak] Supposedly they also found documents that incriminate you heavily?

[Oman] This was a plant, and they obtained the information from Ljubljana.

[Biscak] These are grave accusations.

[Oman] This is what the whole story is all about. Those who are now in power got scared that I might go into politics, so something had to be done. They sent my dossier to the Americans, from where it traveled to Rome. Then they got hold of Francesco Elmo, that bastard, who was in Slovenia for half a year selling bonds and liras and living off the industrious Slovenes. I met him twice; first, Gorazd Misic introduced him to me and then he was brought to me by Janez Ravnik. He wanted to sell his stuff to me, but I declined. Poor Elmo already got in trouble while he was in Slovenia. However, he heard enough about me from various sources, he learned that there was all sorts of trade going on, and then he babbled it all over Italy, mixing everything up.

[Biscak] He knew about your accounts and bank boxes in Italy?

[Oman] Everybody knows this. Information such as bank account numbers and the information about my safes is on my fax cover sheets. Those who have been wiretapping me all this time know all this. They know

exactly where my accounts are and how much money is deposited in them. Of course, this applies to the bank accounts I keep open and use for daily requirements.

[Biscak] You are charged with illegal possession of foreign currency.

[Oman] Last year I dealt a lot in the Italian lira, which was very cheap. At the time I was buying Italian currency. When its value rose I sold it. The profit was good. It was all legal.

[Biscak] You did not say yet what you did with osmium?

[Oman] What is osmium anyway? Why would this be prohibited? All one needs is an import permit.

[Biscak] You did not have a permit.

[Oman] I do not require it. As I have said, this does not concern Slovenia in the slightest. What I do in Italy or in the United States is my own business.

[Biscak] However, you are evidently interesting for certain circles.

[Oman] You must not forget that I have a post in Liberia, and that I can also do certain things for this country. I have certain tasks to do. The Slovene Embassy in Germany, for example, also has certain tasks.

[Biscak] Therefore, is it permitted to trade in osmium?

[Oman] All bigger companies that started any sort of business in Ljubljana were selling red mercury and osmium at first. Absolutely all of them. One asks: What is red mercury, and they say, nothing but it means big money. Osmium and wolfram are the ingredients of any lightbulb. They are used in the electronics industry. Siemens is buying it. You take the substance to their lab, and they will buy it off of you immediately. For cash. Because there is a shortage on the market, because it cannot be bought.

[Biscak] Osmium is also used to print money. This is how you were linked to counterfeiting.

[Oman] You bet. However, it is a little farfetched that I forged money.

[Biscak] Was Slovenia supposed to forge money with the blessing of the government and the top state leadership?

[Oman] I do not know about that. I only know that some money was printed. Intensively. I also know that, thus, forged dinars and foreign currency were planted on me.

[Biscak] Did they forge all this money in Slovenia?

[Oman] Everywhere. Why not in Slovenia? The army was also printing Yugoslav dinars. In Vrhnika. They would take them out still warm and they bore double numbers.

[Biscak] What about the arms trade? You armed Slovenia and probably others, too.

[Oman] As far as I am concerned, all the arms that I brought in were for Slovenia. I would deal with the devil for Slovenia.

[Biscak] Good, Slovenia had to arm itself. If I understood correctly you were not interested in the fate of these arms afterward?

[Oman] That is correct.

[Biscak] Officially, those huge quantities of arms were intended for Slovenia but, unofficially, also for the Croats, the Bosniaks, and the Serbs.

[Oman] I did not sell a single rifle to a Croat, a Bosnian, or anyone else. It was all in the hands of your people. All important things took place in the Defense and Interior Ministries.

[Biscak] We know that Slovenia did not need all these arms and that it mostly sold them on to the south. Who was involved?

[Oman] Whom shall I name? Kucan, Jansa? It makes no sense. However, matters can get awkward for Slovenia before the international tribunal, that is, in the eyes of the European public, because the affair got out of control and crossed the Slovene borders.

[Biscak] You wish to say that the Slovene Government and the president of the state will be charged with selling arms?

[Oman] Of course. They will immediately ask: Who was the boss of Ludvik Zvonar, who merely organized the logistical aspect? We can say it was Minister Jansa. However, it was not him. It was the government that was responsible. If Europe wants to, it can, in this way, get to all the communists and former security service agents who are now in power in Slovenia, and this would be the best and the fastest way. Just as they incriminated me internationally, the entire government could be ousted.

[Biscak] You are exaggerating a little?

[Oman] If the German, French, and Italian papers wrote that somebody was involved in crime and that the man in question was Milan Kucan, that man could no longer be president.

[Biscak] However, we merely helped the Croats and the Bosnians to resist the aggressor?

[Oman] That may be so following the Balkan reasoning, however, it is a crime according to international standards, especially if the arms are sold to a country that is at war.

[Biscak] So, where do you fit in?

[Oman] The mistake was that I was in it. Had I done it by myself, there would be no clamor. However, they are now trying to get rid of me.

[Biscak] And they cannot?

[Oman] I have documents that can prove that Slovenia is lying when it says it was arming itself for its own purposes. I can say, look guys, there were so many rockets, so many Kalashnikovs, so much ammunition, so much of this and that, now show me whether you have it in Slovenia or not. They cannot show anything, because this stuff is no longer in Slovenia. It was sold on. To whom? Where is the money? Also, \$200 million was taken out of the state budget.

[Biscak] They have all leaped to their feet now, of course?

[Oman] Because they have too much of everything. Fantastic fortunes were made with the sale of arms. Let them have it. But the people who vote must know who they vote for. And now is the time for a little of this money to be given to them as well.

[Biscak] Who profited? Where is the money?

[Oman] You have to ask them. I know that some of it went to the foreign banks, to certain accounts, but most went into investments, also gambling houses.

[Biscak] Where did you bring the arms from?

[Oman] I cannot tell you.

[Biscak] From Africa, Asia?

[Oman] It was the most up-to-date Russian hardware.

[Biscak] But the Russians opposed Slovene independence.

[Oman] Of course they did, and they still do.

Slovenia: Bosnia Introduces Visa Requirement for Slovenes

AU0507143896 *Ljubljana Radio Slovenia Network*
in Slovene 1330 GMT 5 Jul 96

[Report by Aleksandar Mlac from Sarajevo—recorded]

[FBIS Translated Excerpt] From 10 July, Slovene citizens traveling to Bosnia-Herzegovina will need to se-

cure a visa from the diplomatic and consular mission of that country in Ljubljana. A very brief statement from the session of the Bosnia-Herzegovina Government also states that this constitutes a reciprocal measure. The sum that the Slovene citizens will have to pay to obtain visas has not been determined yet. This will be determined parallel to the changes to the Law on Administrative Taxes.

The visas for Slovene citizens have come in effect a few days after the Slovene Government passed the decision to introduce visas for the Bosnia-Herzegovina citizens and following the stormy reactions in the Bosnian public, especially among businessmen. [passage omitted]

Slovenia is the only one, out of many countries that introduced visas for Bosnia-Herzegovina citizens during and after the war, against which Bosnia-Herzegovina has reacted with reciprocal measures.

Slovenia: RTS To End Croatian TV Broadcasts in Country

AU0507153196 *Ljubljana Radio Slovenia Network*
in Slovene 1330 GMT 5 Jul 96

[FBIS Translated Text] To rationalize operations and cut financial losses, the council and the management of Radio and Television Slovenia [RTS] has decided to terminate broadcasts of the first and second channels of Croatian Television via its network of 4 relays in Slovenia. The decision, which is supposed to come into effect on 15 July, will yield a saving of approximately 48.5 million Slovene tolar annually.

The RTS Council has been striving for a long time to find a consensus on the broadcasts with the Croatian side. Their side was supposed to assume a portion of the broadcasting costs or at least the costs of possible copyright demands. All replies so far have been negative. However, the Croatian Television management today addressed a letter to the RTS, stating a desire for our relay network to continue broadcasting, but in a financially legal manner. The council will, therefore, try to push back this date.

Federal

FRY: Kontic To Raise Sanctions at Salzburg Economic Summit

*LD0707125596 Belgrade TANJUG in English
1224 GMT 7 Jul 96*

[FBIS Transcribed Text] Belgrade, July 7 (TANJUG)—Yugoslav Prime Minister Radoje Kontic said on Sunday, before leaving for Salzburg where he will attend an economic summit of Central and Eastern Europe on July 7-9, that the Yugoslav delegation would raise the issue of a final lifting of the sanctions and reintegration of F.R. Yugoslavia into Europe.

At the summit, which was organized by the World Economic Forum, the Yugoslav delegation will present its economic programme and new (?organic) laws, recently adopted in federal parliament, which have paved the way for an open, market-oriented Yugoslav economy, Kontic said.

He said that the visit was also aimed at presenting Yugoslavia's economic potentials and capital projects which may attract the participants in the summit, which is called 'Central and Eastern Europe at the Threshold of a New Century.'

Yugoslavia will present its stands on economic trends in Europe, regarding a strengthening of regional and sub-regional economic cooperation, which is complementary to Europe's integration processes, Kontic said.

FRY: Russia's Rodionov Arrives for Talks on Defense Industry

*LD0707142896 Belgrade TANJUG in English
1344 GMT 7 Jul 96*

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, July 7 (TANJUG)—Russian Federation Deputy Defense Minister Aleksandr Rodionov arrived in Belgrade Sunday at the head of the Russian part of a working group for talks in the Federal Republic of Yugoslavia (FRY) on cooperation on civilian projects of the defense industry.

The five-day talks will start Monday, the Federal Secretariat of Information said.

According to the program determined earlier, representatives of Russia's and Yugoslavia's military industries will discuss cooperation in restructuring the defense industries of the two countries for civilian needs.

Special attention will be devoted to cooperation in the field of airway, electrical, textile and food industries, production of household appliances, medical and sports equipment, the statement said.

FRY: Croatian Envoy Calls Normalization With FRY 'Slow'

*LD0707163196 Belgrade TANJUG in English
1620 GMT 7 Jul 96*

["Pool" item]

[FBIS Transcribed Text] Kragujevac, Yugoslavia, July 7 (TANJUG)—Croatia's envoy in Belgrade said on Sunday [7 July] that the normalisation process between Belgrade and Zagreb was moving in the right direction but was slow.

Speaking for Radio Kragujevac, central Serbia (Yugoslavia), representative Zvonimir Markovic said he was satisfied with the development of bilateral relations to date.

There is no reason for concern and for worrying oneself and the world, Markovic said, announcing that the Croatian office in Belgrade would begin doing consular duties on Monday.

He said that this was concrete proof that relations were being stabilised slowly but surely.

Explaining the expansion of the work of the office to consular affairs, Markovic said that the consular department would deal with requests by citizens of the Federal Republic of Yugoslavia to travel to Croatia.

There is a great interest in this, as it must be known that a large number of houses on the Croatian Adriatic coast are own by people from Serbia, and that there is a large number of refugees, too, he added.

FRY: U.S. Said To Rush Military Advisers to Bosnia

*LD0707173596 Belgrade TANJUG in English
1704 GMT 7 Jul 96*

[Commentary by Borislav Lalic]

[FBIS Transcribed Text] Washington, 7 Jul (TANJUG)—About 160 U.S. military advisers and instructors are ready to leave for Bosnia-Herzegovina as part of an operation for the arming and training of the Muslim-Croat Army, it was disclosed here Sunday.

The administration of President Bill Clinton is rushing to launch the operation before the withdrawal of the U.S. International Implementation Force (IFOR) troops from the Former Yugoslav Republic. It has therefore been decided to start the operation as early as next week.

The military instructors have been recruited from the Military Professional Resources Company in Washington, which is run by retired generals and admirals, and

has been chosen by the U.S. administration for the job of arming and training the Bosnian Muslims.

The company has Balkan experience because its men worked for Croatia during the war and still do.

It had earlier been disclosed that the company's advisers were in Croatia at the time of preparations for the aggression against Krajina.

The opinion predominates in the U.S. Administration that the arming of the Bosnian Muslims and Croats is a way to stabilize the situation in Bosnia-Herzegovina.

Guided by the cold war logic that peace can be maintained only through a balance of forces and by fear, U.S. circles insist that the Bosnian Muslims and Croats could fight better than they did in the latest war.

Despite warnings from European allies that such a course is not good for peace and stability in the balkans, Washington has already set aside \$100 million for the military training of the Bosnian Muslims and Croats.

Washington had expected that its program of arming the Muslim-Croat Federation in Bosnia-Herzegovina would be joined by Islamic countries.

However it has turned out that, except for Turkey, the other Islamic countries have shown no particular enthusiasm, at least not as far as money is concerned.

FRY: Croatian, Serbian Attitudes Toward Bosnia Analyzed

AU0407124796 Belgrade BETA in English
27 Jun-4 Jul 96 p 5

[BETA commentary: "Croatia Under NATO Pressure: Granic in Brussels"]

[FBIS Transcribed Text]

Zagreb Is Attempting To Justify Its Attitude Toward Bosnia-Herzegovina

The Croatian minister of foreign affairs, Mate Granic, privately visited Brussels on 2 July, where he met with NATO Secretary General, Javier Solana, in an attempt to mollify the pressure of this organization on Zagreb caused by its attitude towards Bosnia and Herzegovina. NATO requires from Croatia to incorporate the military and political structures created by the Bosnian Croats into the Federation of Bosnia and Herzegovina.

The immediate reason for a new sharp course towards Zagreb was the last month's decision of the Bosnian Croats to reconstruct their government, thus distancing themselves even further from their task of strengthening the Federation of Bosnia-Herzegovina, one of the two entities in this former Yugoslav republic.

Granic's visit took place at Zagreb's request; during it the chief of the Croat diplomacy attempted to remove the tension and open discontent of the NATO leadership and the U.S. President Bill Clinton, caused by Zagreb's position regarding the implementation of the Dayton Accord, more specifically caused by the last week's statement of Franjo Tudjman that a "certain division of Bosnia and Herzegovina between the Croats and the Serbs must take place," along with the creation of a small Muslim state. Tudjman gave this statement on 14 June, after his meeting with Solana and the NATO Supreme Commander, General George Joulwan in Zagreb.

Granic's arrival in Brussels was preceded by a letter sent by U.S. President Bill Clinton to President Tudjman. In his letter Clinton required from Tudjman to exert his influence and force the Bosnian Croats to act in accord with the agreement signed in Dayton. According to NATO sources in Brussels, a similar letter to Tudjman, saying that the attitude of the Bosnian Croats "is not helping" Croatian ambitions to join the Partnership for Peace program, was sent by Javier Solana.

"The NATO secretary general stressed that the reorganization of the Government of Herzeg-Bosnia has certainly caused much damage to both the Republic of Croatia and the Bosnian Croats," said Granic after his meeting with Solana. He tried to find excuses for the Bosnian Croats saying that their government was only reorganized and that the number of ministries was reduced.

Demands

The international community, that is, Washington and NATO, are essentially demanding from Croatia the same they are demanding from Serbia to give up its aspirations towards parts of the territory of Bosnia-Herzegovina.

The recognition of Bosnia-Herzegovina as an independent state by Zagreb and Belgrade has never been sufficiently sincere. The Bosnian Serbs, who comprised 32 percent of the Bosnian population, supported by Belgrade, have attempted to conquer as large portions of Bosnia-Herzegovina as possible, even the gain control over whole of the republic, and annex it to Serbia. The Croats, who before the war comprised 17 percent of the Bosnian population, immediately upon the beginning of the conflict established their army and proclaimed its state, the Croat Republic of Herzeg Bosnia, which exists to this day despite the requirement of the Dayton Accord for its abolition.

According to the Dayton Accord, the Serb side was allowed to keep its entity in Bosnia, the Republic of

Srpska [Serb Republic]. The Dayton Accord, however, does not see it as an independent state, but the Bosnian Serbs still insist on that having in this matter a tacit approval of Belgrade.

After his talks with Solana, who failed to appear before journalists or to see Granic off, Granic stated that the crucial issue at the moment "is the continuation of the peace process in Bosnia and the role of Croatia in accordance with the Dayton Accord," while "the agreement on the law on defense of the Federation is the most important objective at this point."

The Croatian Minister said that Croatia "supports the Dayton Bosnia, one state, two entities, and three constitutive peoples," but required from NATO and the United States to exert pressure upon the Muslim side, adding that it is "creating problems" regarding the establishment of the structure of the common army. The Bosnian Croats, who in 1993 waged a bloody war with the majority Muslims, do not wish to submit themselves to a joint command, resenting and fearing the Muslim majorization.

The War

The question of the survival of Bosnia-Herzegovina is one of the most significant aspects of the relations between Croatia and Serbia, that is, the Federal Republic of Yugoslavia, the two largest states created after the dissolution of the former Socialist Federal Republic of Yugoslavia. Both for Zagreb and Belgrade Bosnia is not a bone of contention but an area in which they are attempting to establish and divide their spheres of influence.

In 1992, on the eve of the beginning of the war in Bosnia, Presidents of Croatia and Serbia, Franjo Tudjman and Slobodan Milosevic, have reached a secret agreement on division of that former Yugoslav republic and in a certain way this agreement is still in effect. Tudjman's statement that "a certain division of Bosnia between the Croats and the Serbs must take place" points in that direction.

Therefore, Bosnia has never been a matter of dispute in relations between the regimes in Croatia and Serbia. Real problems between the two republics were due to the Serbian demand, which had resulted in an armed conflict, that after the dissolution of the former Yugoslavia certain portions of the Croat territory populated mainly by the Serbs, either for strategic interests or for being the Serb populated territory, cease belonging to Croatia.

Owing to these demands, the 1991 war in Croatia started, ending with the Serb defeat. The Serb side has lost large territories in the Knin region, in Dalmatia and

Lika, as well as in western Slavonia, while at least half a million Serbs had fled Croatia for Serbia since the beginning of the war.

Relations

Since in the public in Serbia the question of the Serb refugees from Croatia is not mentioned any more, and since their return to their homes is not seriously discussed, it can well be concluded that the two regimes resolved the problem by accepting the existing situation. It remains yet to find the resolution for the Prevlaka Peninsula, located at the entrance to the Boka Kotorska Bay, which is in possession of Croatia. It is a peninsula which closes the entrance into the only bay in the Adriatic which is in possession of Yugoslavia, and owing to its strategic significance Belgrade is not ready to leave it in the Croat hands.

During his stay in Brussels, the Croat Minister Granic has for the first time intimated a possibility of Zagreb taking steps towards normalization of relations with Belgrade without any preconditions. He said that he expressed to Solana the readiness of Croatia to "enhance the process of normalization," stressing that for that purpose not even the question of Prevlaka has to be raised. Such statement, as it is seen by diplomatic circles in Belgrade, intimates that Granic will shortly be coming to Belgrade. Earlier, Granic's visit to the Yugoslav capital was scheduled for the end of June.

Croatia wishes to normalize its relations with Belgrade and renew economic and other ties, but is wary of integrations for which Belgrade often shows its inclination. President Tudjman is opposed of tying Croatia to the global regional cooperation of the European Union with South Eastern Europe, holding that Croatia should directly be tied to Europe, without previously establishing close connection with other countries in the region. Tudjman sees Croatia as a central European country, and its border with Serbia as a border between the West and the East.

In Brussels Granic corrected Tudjman to a certain degree by saying that his talks with Solana included topics such as the rapprochement of Croatia to the Partnership for Peace program, and "the global regional cooperation of EU with the South Eastern Europe."

"We said that Croatia is a country neighboring on the Balkan region, and that we wish to develop good relations with all countries. On the other hand, Croatia has special obligations towards Bosnia and Herzegovina, signed in Dayton, especially towards the Federation of Bosnia-Herzegovina," Granic said.

FRY: Lack of Capital Prompts Activating 'Hidden' Savings

LD0807121796 Belgrade TANJUG in English
1145 GMT 8 Jul 96

[FBIS Transcribed Text] Belgrade, July 8 (TANJUG)—A chronic lack of working capital, especially investment capital, can hardly be eliminated without the activating of the 'hidden' domestic savings, director of the Finis Consulting Company, Prof. Dr. Miloje Kanjevac, has told TANJUG.

Kanjevac noted that the 'hidden' domestic savings were estimated to amount to as much as 5 billion German marks. He said the expectations that foreign creditors would rush to make capital investments in Yugoslavia once the sanctions were suspended had fallen through.

Kanjevac insisted that it was necessary first to regulate the repayment of debts to foreign creditors, both states and banks. It will be hard to attract significant foreign capital, unless reforms are carried out in the domains of ownership and production, according to Kanjevac. He said it would be an illusion to expect that the Yugoslav banks could quickly win back the confidence of the people even if the so-called 'old' foreign-currency savings accounts were to be unblocked.

'People who have been tricked remember that for a long time. That is why they prefer to keep their money at home instead of putting it into a bank account or even a personal bank safe,' Kanjevac told TANJUG.

He expressed the opinion that the state should open the Yugoslav market to at least one of the prestigious foreign banks and enable it to open a branch in Yugoslavia. According to Kanjevac, the foreign bank would, in keeping with the arrangement signed with the state, collect foreign-currency and dinar deposits of Yugoslav private citizens and legal persons on condition it invests the capital in the Yugoslav economy.

People who would entrust their money to the foreign bank would be able to dispose of their money abroad under the same conditions as at home, Kanjevac said.

The foreign bank would no doubt also attract the money of Yugoslavs living and working abroad, according to Kanjevac. Many of the Yugoslavs abroad would open savings accounts in Yugoslavia if given a chance to dispose of the money anywhere in the world and at anytime, Kanjevac said.

The domestic and mixed banks which do business mostly with the capital deposited by Yugoslavs living abroad would have no reason to view the presence of a foreign bank as unloyal competition, Kanjevac said. According to him, Yugoslav banks cannot anyway count

on a quick renewal of the institution of savings and of the confidence of potential clients. Kanjevac said in illustration that on World Savings Day, Oct. 31, the Yugoslav banks recorded at total of 27 million dinars (8.2 million German marks) in savings account, mostly standard ones, and 6.26 billion German marks in the 'old' foreign-currency accounts.

Serbia

Serbia: Milosevic Speaks at Satellite Station Inauguration

AU0707162996 Belgrade Radio Beograd Network
in Serbo-Croatian 1300 GMT 7 Jul 96

[FBIS Translated Excerpt] Serbian President Slobodan Milosevic inaugurated the Yugoslavia 3 ground satellite station at the satellite telecommunications center in [word indistinct] near Ivanjica. Slobodan Kovacevic and Aleksa Djuric report:

[Begin recording][Kovacevic] A few minutes before 1400, President Slobodan Milosevic arrived at the satellite telecommunications center here in [word indistinct] near Ivanjica. He was greeted by tumultuous applause and chants of "Slobo, Slobo." Several thousand residents of (?Prilic), Ivanjica, Arije, Lucani, Cacak, and other towns in Morava District stood on the paths and (?behind the barriers) of this beautiful center, which is dominated by three giant satellite antennas.

In the name of the Serbian Postal Services public enterprise, Serbian President Slobodan Milosevic was hailed by Director General Milorad Jaksic and managerial board chairman Radmilo Andjelkovic. The ceremony was also attended by Serbian Assembly Speaker Dragan Tomic; Serbian Prime Minister Mirko Marjanovic; Federal Interior Minister Vukasin Jokanovic; Serbian Deputy Prime Minister Slobodan Babic; Svetoljub Konradinovic, Serbian transportation and communication minister; Yugoslav Economic Chamber President Mihajlo Milojevic; and other personalities.

After a whirlwind reception, Serbian President Slobodan Milosevic addressed residents from an improvised podium:

[Milosevic] Residents of Ivanjica; builders of the ground satellite station; workers; guests: Allow me first to thank you most cordially on behalf of my aides and myself for your warm reception. I would also like to congratulate you all on 7 July, Serbian Uprising Day.

There was an uprising in Serbia 56 years ago, when any notion of resistance seemed doomed to fail and when it appeared that nothing could stand in the way of the superpower that oppressed not only our

country but enslaved almost all of Europe. However, once the famous people's liberating struggle began, it so happened that it stood more than a good chance of ending in the grand victory in which it did end because it did not boil down to a tug of war between the superpowers but involved the peoples' desire and capacity to fight for their freedom, which is the biggest asset any people and any individual on this earth is entitled to.

As a country and a people, we made an enormous contribution to the Allies' victory over the biggest evil of the 20th century, and I believe every Serbian and Yugoslav citizen has reason to be proud of the enormous contribution his country and all Yugoslav peoples made in the struggle for freedom and the great victory.

The question of freedom is a question to which each of us in this country has an answer: At no price could freedom be exchanged. [applause] At the same time, it goes without any doubt that the residents of our country know best how many sacrifices they have made for freedom and how many sacrifices they have made to live in peace. A life in peace is the paramount interest of any nation, especially those who throughout their history experienced how precious peace is and how much it is the precondition for life, development, work, and progress. Peace cannot be separated from freedom, because if the people want to leave in peace they must be free. This struggle for peace, which as you all know very well has been a constant feature of our policy during all these difficult years, is fought differently now. It is fought with the efforts to develop our country as quickly and as completely as possible and to promote the ties with our neighbors and the entire world, which is represented symbolically with the installation that we are putting into operation today, because it represents the most important telecommunications center linking Yugoslavia with Europe and the entire world.

The most important process taking place before our eyes is the integration of free countries and free peoples on an equal basis. We would like to participate as an equal, free country in this process. We would like to be open and to cooperate with our neighbors in the Balkans as well to serve as a link between our neighbors and the entire Balkans with the European countries and the rest of the world. In that regard, everyone will have the chance to make his contribution, to work in the way he can contribute most to develop the standard of living and a better quality of life in our country, and above all for the progress of his own family, town, country, and peoples. In that sense, I am convinced that all of you, each in his job, will make this contribution. I trust that we shall create the preconditions in which everyone will be able to make the contribution and that there will

be enough work and the right place in development for each and every person in this country. I wish you all much success in your work and, once again, my warmest congratulations on 7 July. Thank you! [end recording] [passage omitted]

Serbia: Zagreb Said To Prepare War in E. Slavonia
AU0507185896 Belgrade POLITIKA EKSPRES
in Serbo-Croatian 5 Jul 96 p 2

[Commentary by Momcilo Kovacevic: "Thunderbolts' Threaten"]

[FBIS Translated Text] The operation actually began on 20 June this year, when the international peace forces finished the demilitarization of the Srem [Serb word for Srijem]-Baranja region and immediately began a "second-level" disarmament. They are taking hand guns away from citizens, particularly from superintendents and guards who work in various companies, even those who have properly stamped permits. At the same time, former company directors from Croatia are coming, closing down companies, and then going back.

The latest case occurred in the "Belje" wine factory. Accompanied by UNTAES [UN Transitional Administration for Eastern Slavonia], the former director came over from Osijek, locked up and sealed the company premises, and then returned to Croatia. With these and similar actions, the Croatian authorities aim to privatize companies in the Srem-Baranja region and only employ those who will be loyal Croats.

In the planned "army-police operation," a special role has been given to the Croatian intelligence service, which is using agents in the field and infiltrated terrorists from Hungary and Croatia to create fires, explosions, and the murders of certain Croats and Hungarians. This will then be used as the direct reason for their troops to attack the territory of the RSK [republic of Serb Krajina—name given to Serb-occupied parts of Croatia] under the pretext of protecting the Croatian population.

UNTAES officials, of course, are in on all these Croatian preparations and it would be a most dangerous illusion to think that the international peacekeepers would be passive in the event that Tudjman's troops tried to implement this plan to the end. Namely, Croatia is guided by the assessment (is it only an assessment?) that the Americans are rushing to take the Srem-Baranja issue off the agenda as soon as possible because in the fall they are expecting renewed conflict in Bosnia-Herzegovina, in other words, before the U.S. elections. Allegedly, they would not like to have two open crisis areas on the territory of the former Yugoslavia, particularly not after the new balance of power that has been created in Russia as a result of the elections there.

Serbia: Ex-Yugoslav States Called 'Real Arms Depot'

AU0807083496 Belgrade VECERNJE NOVOSTI
in Serbo-Croatian 5 Jul 96 p 7

[Report by Dragan Vujcic: "Surplus Hurts"]

[FBIS Translated Text] The territory of the former SFRY [Socialist Federal Republic of Yugoslavia], which for the last four years had been under a UN arms embargo, has become a real arms depot in Europe in spite of the sanctions.

The time when "not a single bullet was allowed to enter the Balkans," saw the creation of five relatively well equipped armies, which have many more weapons than the former JNA [Yugoslav People's Army].

The speech of numbers is quite unreliable in these parts as far as arms are concerned. Namely, it is assumed that the armies of the Federal Republic of Yugoslavia, Croatia, and Slovenia, have given the international community relatively accurate information about their arms supplies. As for the Muslim army of Bosnia-Herzegovina, the army of the Serb Republic, and the HVO [Croatian Defense Council], the figures are highly unreliable.

According to the obligations undertaken in Florence, the arms agreement stipulates that the Federal Republic of Yugoslavia can retain 1,025 tanks, 850 armored transport vehicles, 3,750 artillery guns, 155 fighter planes, and 53 combat helicopters. Croatia can have 410 tanks, 320 armed transport vehicles, 1,500 artillery guns, 62 fighter planes, and 21 combat helicopters.

The Muslim-Croat Federation has a quota of 232 tanks, 227 armored transport vehicles, 1,000 artillery guns, 41 fighter planes, and 14 combat helicopters. The Serb Republic has half of that quota.

The signatories have agreed to get rid of their surplus arms, or to acquire additional arms, by 1 November 1997, when the third phase of the agreement begins—strict control of the arsenals.

Just how much weaponry is actually on the territory of the former SFRY, is hard to say. Namely, according to the evaluation of experts, the figures that the states of the former SFRY have given and that have been published in specialized magazines in the world are only relatively accurate.

The Muslim army of Bosnia-Herzegovina and the HVO are by no means as feeble as they appear to the world, while official data on the army of the Serb Republic does not even exist in these magazines, except in the section on aviation.

In spite of the UN arms embargo, Croatia did not hesitate to disclose its arms potential. According to the figures, the Croatian army is now a modern military power, which, if it wants to adhere to the agreed arms quotas, will have to give up a considerable part of its arms.

The "World Defense Almanac" says that the Croatian army numbers 63,000 soldiers, plus 12,000 commandos. Croatia's military budget is \$1.6 billion (in the Croatian Assembly the figure that is mentioned exceeds \$5 billion) which, in terms of an arms budget, puts this former Yugoslav republic in first place in this part of Europe, with the exception of Greece.

The Croatian army has several types of tanks—M-84, T-72, T-54 and 55, PT-76, and T-34—making up a total of 650 tanks. It has 560 armored transport vehicles of different types, 1,900 artillery guns, and an impressive number of multi-tube rocket launchers. As part of their rocket units, the Croatians also have 80 "Oganj" launchers and 20 "Plamen" launchers, as well as 120 RAK [expansion not given] launchers, 280 multi-tube rocket launchers with 12 and 24 tubes (of their own manufacture). They also have three Typhoon (the Croatian version of Orkan prototypes) and seven Luna rocket launchers with 20 projectiles.

According to the local press, the Croatians have completely mastered the manufacture of their "Dagman" tanks, which are probably a version of the former Yugoslav M-84 tank.

Data on the Muslim army of Bosnia-Herzegovina seem almost naive. The lilies [Bosnian Government] have 36,000 armed soldiers, and another 52,000 soldiers can be trained. The military budget of Muslim Bosnia-Herzegovina is \$300 million, and the army has 40 tanks, ranging from M-84 to T-34, 50 armored transport vehicles, 300 artillery guns exceeding a caliber of 76mm, 80 Grad 122mm launchers and approximately 30 Oganj and Plamen launchers. In the aviation department, officially in the air are nine MI-8 helicopters, three "Utva" 75's, and two "Kraguj" airplanes.

The HVO is better armed than the Muslim army. They have officially registered 100 tanks, 180 armored transport vehicles, 330 artillery guns, 400 mortars, three "Kraguj" airplanes, two AN-2 transport airplanes, eight "Utva" airplanes, and between three and six MI-8 helicopters.

The information on the army of Muslim Bosnia-Herzegovina, the HVO, and the Serb Republic army, is definitely not veritable. While the Muslims and Croats have registered very small arms quotas, official information on the Serb Republic army does not even

exist. Unofficially, the figures that are being used have a primarily political weight, in the function of seeking an alibi to arm the Muslim-Croat Federation army to the fullest extent. The West assumes that the Serb Republic army has around 400 tanks, 350 armored transport vehicles, around 1,500 artillery guns, thirty or so multi-tube rocket launchers, and several Luna launchers. In the official documents there is only aviation, and according to this information, the Serb Republic air force has six "Orao," 20 "Kraguj," and nine "Jastreb" planes, seven G-2's, four G-4's, 10 AN-2's, 10 "Utva" and "Cessna" airplanes, and also 28 "Gazela" and 20 MI-8 helicopters.

The data on the weapons of the army of Slovenia is also interesting. The Slovenes have registered 36 M-84 tanks, 36 T-54 tanks, and 10 PT-76 tanks. They have 176 armored transport vehicles, 72 artillery guns over 76 mm, 300 mortars, 36 "Oganj" and 18 "Plamen" multi-tube rocket launchers. The Slovenes, whose army numbers around 37,000 soldiers, has a budget of \$565 million, and their air force (around 200 pilots) and navy, are in the initial stages of being formed. The Slovenes have said publicly that they wished to purchase seven F-16 fighter planes and a fleet of helicopters.

Information regarding the Army of Macedonia [the Former Yugoslav Republic of Macedonia] is very scanty. Their military budget is \$68 million, they have 13,000 men under arms and 10,000 in the reserve. All branches of the army are still in the initial stage, and Macedonia is relying on the military assistance of the United States.

With the lifting of the arms embargo, the arms race will receive new impetus. It is certain that all the countries who have signed the arms control agreement will reduce their surpluses without too much grief (The army of Yugoslavia has done this already). The old combat system will be replaced with the new, and those who will benefit are those who have the most money.

[Box, p 7]

Conjecture regarding the strength of the Croatian Air Force has been going on since the secession of this

former Yugoslav republic. On its territory there were many JNA airfields with complete infrastructures, and the Croatians had plenty of air force pilots.

As they themselves officially acknowledge, they have 72 airplanes and 140 helicopters. This includes 23 MIG-21's (different versions) two "Orao," four "Jastreb," five G-5, two G-2, four MIG-21 training planes, 11 AN-2, one DO-27, plus "Cessna" and "Utva" planes. As for helicopters, they have MI-8's, MI-24's, plus Bell police helicopters.

Serbia: Only One-Tenth of Population 'Above the Poverty Level'

AU0407123796 Belgrade BETA in English
27 Jun-4 Jul 96

[FBIS Transcribed Text] Belgrade—Only one tenth of the Yugoslav population is above the poverty level, that is, is not threatened by poverty, revealed the latest research of the Institute for Economic Sciences (IES). The head of the project, Aleksandra Posarac, said that only 10 percent of the population has a standard of living a lot of people belonging to the middle class used to enjoy until the beginning of the 90's. Two percent of the population can be considered wealthy according to the standards of the developed countries.

At the same time the analyses carried by the Yugoslav Trade Union appeared in the public, showing that three percent of the Yugoslavs belonging to the top echelons of power participate to a larger degree in the GNP than over 50 percent of poorest Yugoslavs. Around 60 percent of employees receives salaries lower than the average, while the salaries are often delayed for more than half a year. The average May salary of 609 dinars (\$115) was not sufficient to buy half of the products from the average household consumer basket, not including rent and utility expenses.

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